

SERFF Tracking Number: OCCD-125631818 State: Arkansas
Filing Company: Occidental Fire & Casualty Company of North Carolina State Tracking Number: EFT \$50
Company Tracking Number: 08-269
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property-Habitational Risks
Project Name/Number: /

Filing at a Glance

Company: Occidental Fire & Casualty Company of North Carolina

Product Name: Commercial Property-Habitational Risks SERFF Tr Num: OCCD-125631818 State: Arkansas

TOI: 01.0 Property SERFF Status: Closed State Tr Num: EFT \$50
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines) Co Tr Num: 08-269 State Status: Fees verified and received
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
Author: Latesha Debnam Disposition Date: 05/16/2008
Date Submitted: 05/01/2008 Disposition Status: Approved
Effective Date Requested (New): 06/01/2008 Effective Date (New): 06/01/2008
Effective Date Requested (Renewal): 06/01/2008 Effective Date (Renewal): 06/01/2008

State Filing Description:

General Information

Project Name: Status of Filing in Domicile: Authorized
Project Number: Domicile Status Comments:
Reference Organization: Reference Number:
Reference Title: Advisory Org. Circular:
Filing Status Changed: 05/16/2008
State Status Changed: 05/07/2008 Deemer Date:
Corresponding Filing Tracking Number:
Filing Description:
Initial filing of forms for Commercial Property-Habitational Risk Program

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Company and Contact

Filing Contact Information

Latesha Debnam, State Filing Analyst ldebnam@ofc-wic.com
702 Oberlin Road (919) 833-1600 [Phone]
Raleigh, NC 27605 (919) 833-8535[FAX]

Filing Company Information

Occidental Fire & Casualty Company of North Carolina CoCode: 23248 State of Domicile: North Carolina
702 Oberlin Road Group Code: 225 Company Type: Property and Casualty
Raleigh, NC 27605 Group Name: IAT Group State ID Number: 03
(919) 833-1600 ext. 8164[Phone] FEIN Number: 84-0513811

Filing Fees

Fee Required? Yes
Fee Amount: \$50.00
Retaliatory? No
Fee Explanation:
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Occidental Fire & Casualty Company of North Carolina	\$50.00	05/01/2008	20054878

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Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	05/16/2008	05/16/2008

Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Llyweyia Rawlins	05/07/2008	05/07/2008	Latesha Debnam	05/16/2008	05/16/2008

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Disposition

Disposition Date: 05/16/2008
Effective Date (New): 06/01/2008
Effective Date (Renewal): 06/01/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

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Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Form Filing Schedule	Approved	Yes
Supporting Document	Cover Letter	Approved	Yes
Supporting Document	AP 00 19 05 08	Approved	Yes
Form	Advisory Notice/Mold Exclusion	Approved	Yes
Form	Terrorism Rejection	Approved	Yes
Form	Schedule of Named Insured(s)	Approved	Yes
Form	Schedule of Locations	Approved	Yes
Form	Multiple Deductible Form	Approved	Yes
Form	Important Notice/Computer Random Attack	Approved	Yes
Form	Building and Personal Property Coverage Form	Approved	Yes
Form	Causes of Loss Comprehensive Form	Approved	Yes
Form	Business Income Coverage Form (without extra expense)	Approved	Yes
Form	Protection Plus Property Program	Approved	Yes
Form	Trees, Shrubs, and Plants Amendment Coverage	Approved	Yes
Form	Additional Limits of Insurance	Approved	Yes
Form	Exclusion-Windstorm or Hail	Approved	Yes
Form	Endorsement Computer Random Attack	Approved	Yes
Form	Endorsement "Mold or other Fungi:	Approved	Yes
Form	Endorsement "Earth Movement"	Approved	Yes
Form	Endorsment Debris Removal	Approved	Yes
Form	Endorsement Pollution Exclusion Amendment	Approved	Yes
Form	South 39 Amendatory Property Endorsement	Approved	Yes
Form	Endorsement Condominium Extension	Approved	Yes
	Endorsement Water Damage Deductible		

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Form		Approved	Yes
Form	Endorsement Named Storm Percentage Deductible	Approved	Yes
Form	Endorsement Flood Coverage Amendment and Limitation	Approved	Yes
Form	Endorsement Causes of Loss-Earthquake Form	Approved	Yes
Form	Endorsement Equipment Breakdown	Approved	Yes
Form	Equipment Breakdown Endorsement	Approved	Yes

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Objection Letter

Objection Letter Status Pending Industry Response
Objection Letter Date 05/07/2008
Submitted Date 05/07/2008
Respond By Date 05/21/2008

Dear Latesha Debnam,

Forms: AP0018 and AP0020

The appraisal clause(s) found in this filing should be amended to comply with Ark. Code Ann. §23- 79-203 and Arkansas Bulletin No. 19-89. The clause(s) must specifically state it is non-binding and voluntary.

Thank You

Llyweyia Rawlins

Please feel free to contact me if you have questions.

Sincerely,

Llyweyia Rawlins

Response Letter

Response Letter Status Submitted to State
Response Letter Date 05/16/2008
Submitted Date 05/16/2008

Dear Llyweyia Rawlins,

Comments:

Response 1

Comments: Dear, Llyweyia Rawlins,

In reference to the objection letter dated 5/07/08, we are submitting AP 00 19 05 08 to comply with the issues that were addressed. Please let me know if anything else is needed.

Kind Regards,

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Latesha Debnam

Changed Items:

Supporting Document Schedule Item Changes

Satisfied -Name: AP 00 19 05 08

Comment: Arkansas Changes-Appraisal

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

Sincerely,
Latesha Debnam

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Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Advisory Notice/Mold Exclusion	AP 00 02	02 08	Policy/CoveNew rage Form		31.80	AP 00 02 02 08.pdf
Approved	Terrorism Rejection	AP 00 03	02 08	Policy/CoveNew rage Form		23.20	AP 00 03 02 08.pdf
Approved	Schedule of Named Insured(s)	AP 00 04	02 08	Policy/CoveNew rage Form		0.00	AP 00 04 02 08.pdf
Approved	Schedule of Locations	AP 00 05	02 08	Policy/CoveNew rage Form		0.00	AP 00 05 02 08.pdf
Approved	Multiple Deductible Form	AP 00 16	02 08	Policy/CoveNew rage Form		54.60	AP 00 16 02 08.pdf
Approved	Important Notice/Computer Random Attack	AP 00 17	02 08	Policy/CoveNew rage Form		39.60	AP 00 17 02 08.pdf
Approved	Building and Personal Property Coverage Form	AP 00 18	02 08	Policy/CoveNew rage Form		49.90	AP 00 18 02 08.pdf
Approved	Causes of Loss Comprehensive Form	AP 00 19	02 08	Policy/CoveNew rage Form		50.70	AP 00 19 02 08.pdf
Approved	Business Income Coverage Form (without extra expense)	AP 00 20	02 08	Policy/CoveNew rage Form		47.60	AP 00 20 02 08.pdf
Approved	Protection Plus Property Program	AP 00 21	02 08	Policy/CoveNew rage Form		44.30	AP 00 21 02 08.pdf
Approved	Trees, Shrubs, and Plants Amendment	AP 00 22	02 08	Policy/CoveNew rage Form		48.60	AP 00 22 02 08.pdf

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Coverage

Approved	Additional Limits of Insurance	AP 00 23	02 08	Policy/CoveNew rage Form	43.20	AP 00 23 02 08.pdf
Approved	Exclusion-Windstorm or Hail	AP 00 24	02 08	Policy/CoveNew rage Form	59.40	AP 00 24 02 08.pdf
Approved	Endorsement Computer Random Attack	AP 00 26	02 08	Policy/CoveNew rage Form	24.20	AP 00 26 02 08.pdf
Approved	Endorsement "Mold or other Fungi:	AP 00 27	02 08	Policy/CoveNew rage Form	45.10	AP 00 27 02 08.pdf
Approved	Endorsement "Earth Movement"	AP 00 28	02 08	Policy/CoveNew rage Form	32.90	AP 00 28 02 08.pdf
Approved	Endorsment Debris Removal	AP 00 30	02 08	Policy/CoveNew rage Form	44.60	AP 00 30 02 08.pdf
Approved	Endorsement Pollution Exclusion Amendment	AP 00 34	02 08	Policy/CoveNew rage Form	45.60	AP 00 34 02 08.pdf
Approved	South 39 Amendatory Property Endorsement	HA 00 01	02 08	Policy/CoveNew rage Form	20.30	HA 00 01 02 08.pdf
Approved	Endorsement Condominium Extension	HH 00 04	02 08	Policy/CoveNew rage Form	48.40	HH 00 04 02 08.pdf
Approved	Endorsement Water Damage Deductible	HH 00 05	02 08	Policy/CoveNew rage Form	33.20	HH 00 05 02 08.pdf
Approved	Endorsement Named Storm Percentage Deductible	HH 00 06	02 08	Policy/CoveNew rage Form	39.20	HH 00 06 02 08.pdf
Approved	Endorsement Flood Coverage	HH 00 08	02 08	Policy/CoveNew rage Form	51.10	HH 00 08 02 08.pdf

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Amendment and Limitation

Approved	Endorsement	HH 00 09 02 08	Policy/CoveNew Causes of Loss- Earthquake Form	37.00	HH 00 09 02 08.pdf
Approved	Endorsement	HH 00 11 02 08	Policy/CoveNew Equipment Breakdown	44.70	HH 00 11 02 08.pdf
Approved	Equipment	HH 00 12 02 08	Policy/CoveNew Breakdown Endorsement	33.00	HH 00 12 02 08.pdf

ADVISORY NOTICE TO POLICYHOLDERS MOLD EXCLUSION OR LIMITATION ENDORSEMENTS

This is a notice provided to you about the exclusion or limitation endorsement that is attached to your policy.

The exclusion or limitation endorsement changes your Commercial Property Coverage Form and/or Inland Marine Coverage Form. No coverage is provided by this Advisory Notice To Policyholders, nor can it be construed to replace any provisions of your policy. You should read your policy and review your declaration page for complete information on the coverages you are provided. If there is any conflict between the policy and this Notice, THE PROVISIONS OF THE POLICY SHALL PREVAIL.

The areas within the policy that reduce coverage are summarized below. If more than one property or inland marine insuring agreement is part of your policy, then more than one endorsement may apply.

MOLD OR OTHER FUNGI, WET OR DRY ROT, OR BACTERIA EXCLUSION:

An endorsement with this title excludes coverage under the applicable insuring agreement in your policy for any mold or other fungi, wet or dry rot, or bacteria loss or damage, unless it is caused by fire and lightning.

MOLD OR OTHER FUNGI, WET OR DRY ROT, OR BACTERIA EXCLUSION WITH SPECIFIED CAUSE OF LOSS EXCEPTION:

An endorsement with this title excludes coverage under the applicable insuring agreement in your policy for losses caused by mold or other fungi, wet or dry rot, or bacteria, unless it is a result of certain causes of loss that are specified in the endorsement. This endorsement also adds an exclusion for Seepage or Leakage to exclude for mold or other fungi, wet or dry rot, or bacteria damage and losses caused by any seepage, leakage, presence, or condensation of water, steam, humidity, moisture, or vapor for 14 days or more.

MOLD OR OTHER FUNGI, WET OR DRY ROT OR BACTERIA EXCLUSION WITH ADDITIONAL LIMITED COVERAGE:

An endorsement with this title revises the policy to reduce coverage from loss caused by mold or other fungi, wet or dry rot, or bacteria, unless it is caused by fire and lightning. Coverage is subject to a \$15,000 per occurrence and annual aggregate limit per policy, unless the limit is increased by endorsement. This sublimit is part of, not in addition to, the limit of coverage for that property. Otherwise covered losses caused by fungi, wet or dry rot, or bacteria that is a result of fire and lightning are covered up to the policy property limits. If your policy includes business interruption coverage, when a business interruption is attributable to fungi, wet or dry rot, or bacteria, the period of restoration is limited to 30 days (not necessarily consecutive days). When fungi, wet or dry rot, or bacteria prolongs a business interruption that is attributable to other damage, a delay of up to a total of 30 days is covered (regardless of when the delay occurs during the period of restoration). In each case, the 30-day period (or a longer period, if endorsed) represents a reduction in coverage.

POLICYHOLDER DISCLOSURE NOTICE TERRORISM RISK INSURANCE EXTENSION ACT OF 2007 REJECTION OF OUR OFFER OF COVERAGE

A check beside the box titled **Reject** for one or more lines of business listed below indicates that you did not accept our offer of coverage for certified acts of terrorism, as defined in and certified under the Terrorism Risk Insurance Act of 2002, and the 2007 Extension. Therefore, this policy does not provide such coverage. This policy contains one or more exclusions that apply to certified acts of terrorism.

This policy includes a Conditional Exclusion of Terrorism endorsement, which automatically replaces the Certified Acts of Terrorism Exclusion endorsement to exclude the same and other types of terrorism losses upon any expiration of, or certain changes in, the Terrorism Risk Insurance Act during the policy period.

If you were not made aware of our offer of coverage for certified acts of terrorism, or believe that this notice was included in this policy in error, please notify your agent or broker immediately.

- | | |
|---------------------------------|---|
| <input type="checkbox"/> Reject | PROPERTY
(Property includes: Commercial Boiler & Machinery,
Commercial Inland Marine and Commercial Property if
provided on policy) |
| <input type="checkbox"/> Reject | BUSINESSOWNERS |
| <input type="checkbox"/> Reject | GENERAL LIABILITY |
| <input type="checkbox"/> Reject | COMMERCIAL LIABILITY UMBRELLA/EXCESS LIABILITY |

Named Insured: _____

Policy Number: _____

POLICY NUMBER:

SCHEDULE OF NAMED INSURED(S)

The Named Insured shown on the Common Policy Declarations is amended to read:

POLICY NUMBER:

SCHEDULE OF LOCATIONS			
Location Number	Building Number	Designated Locations (Address, City, State, Zip Code)	Occupancy

Policy Number:

COMMERCIAL PROPERTY
FORM AP 00 16 02 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

MULTIPLE DEDUCTIBLE FORM

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS' RISK COVERAGE FORM
BUSINESS INCOME COVERAGE FORM
EXTRA EXPENSE COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY
CAUSES OF LOSS WATER FORM
CAUSES OF LOSS EARTHQUAKE FORM

SCHEDULE

Notwithstanding any other Deductible provisions to the contrary in the above Coverage Forms, the deductible(s) shown below are applicable to each location covered by this policy individually in the event more than one location is involved in an occurrence that results in a covered loss or losses.

Prem. No.	Bldg. No.	Deductible	Covered Causes of Loss
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For each deductible listed in this Schedule, enter the number corresponding to the Covered Cause(s) of Loss to which that deductible applies (or enter the description):

- 1) All Covered Causes of Loss except Earth Movement and Flood.
- 2) All Covered Causes of Loss except Earth Movement, Flood and Windstorm or Hail.
- 3) Windstorm or Hail.
- 4) Flood.
- 5) Earth Movement.

IMPORTANT NOTICE

COMPUTER RANDOM ATTACK AND DENIAL OF SERVICES EXCLUSION

THIS NOTICE IS TO INFORM YOU OF TWO EXCLUSIONS THAT HAVE BEEN ADDED TO YOUR POLICY. PLEASE READ THE FOLLOWING ENDORSEMENTS CAREFULLY.

Endorsement AP 00 26 02 08, Computer Random Attack and Denial of Services Exclusion

This endorsement excludes direct and indirect loss from computer virus, hacking events or random attacks, when they occur on a non-specific basis. If your computer equipment is specifically targeted, the exclusion does not apply. This endorsement also excludes indirect loss by the denial of services.

Note: This summary is not a substitute for the provisions of the endorsements. The policy alone determines the scope of your insurance protection. If you have any questions about your policy, contact your insurance agent.

BUILDING AND PERSONAL PROPERTY

COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties, and what is and is not covered.

Throughout this Coverage Part the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we, us, and "our" refer to the Company providing this insurance.

Other words and phrases that appear within quotation marks have special meaning. Refer to DEFINITIONS for their meaning.

A. COVERAGES

1. Property at Your Premises

- a. We will pay for direct physical loss of or damage to Covered Property:
 - (1) If caused by or resulting from any of the Covered Causes of Loss; and
 - (2) If the loss or damage occurs at or within 1000 feet of "covered premises."
- b. If Real Property is indicated in the Declarations, Covered Property, as used in this Coverage Part, means buildings, structures, and other real property that you own, including all property made a permanent part of the building, structure, or real property.
- c. If Personal Property is indicated in the Declarations, Covered Property, as used in this Coverage Part, means:
 - (1) Business personal property that you own;
 - (2) Business personal property that you lease from others if you have a written contractual obligation to insure it;
 - (3) "Personal property of others" while in your care, custody, or control;
 - (4) Personal property (other than vehicles) that belongs to you or your employees, officers, or partners; and
 - (5) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:

(a) Made a part of a building or structure that you occupy and do not own; and

(b) You acquired or that were made at your own expense but which you cannot legally remove.

2. Accounts Receivable

- a. If your records of accounts receivable are lost or damaged by a Covered Cause of Loss, we will pay:
 - (1) All amounts due from your customers that you are unable to collect;
 - (2) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - (3) Collection expenses that are in excess of your normal collection expenses that are made necessary by the loss; and
 - (4) Other reasonable expenses that you incur to re-establish your records of accounts receivable.
- b. The following is added under paragraph B. of the Causes of Loss - Comprehensive Form only as respects this coverage.
We will not pay for loss or damage caused by or resulting from:
 - (1) Alteration, falsification, concealment, or destruction of records of accounts receivable done to conceal the wrongful giving, taking, or withholding of money, securities, or other property. This provision applies only to the extent of the wrongful giving, taking or withholding.
 - (2) Bookkeeping, accounting, or billing errors or omissions.
 - (3) Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss or damage caused by lightning.
 - (4) Errors in machine programming or instructions to machines.

- (5) Operator or programmer error.
- (6) Unauthorized instructions to transfer property to any person or to any place.

We will not pay for loss or damage that requires any audit of records of any inventory to prove its factual existence.

- c. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage, the following method will be used.
 - (1) Determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
 - (2) Adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.
- d. The following will be deducted from the total amount of accounts receivable, however that amount is established.
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.

The most we will pay under this coverage is \$25,000 per occurrence.

3. Debris Removal

We will pay your debris removal expenses only if you report them to us in writing within 180 days of the date of direct physical loss or damage.

Debris removal expenses are amounts incurred to remove debris of Covered Property from "covered premises" resulting from any of the Covered Causes of Loss. Debris removal expenses do not include any amounts incurred to:

- a. Extract or remove "pollutants" or contaminants from land or water; or
- b. Cleanup, remove, restore, or replace polluted land or water.

This coverage is part of and does not increase the Limits of Insurance applicable to Covered Property. But the most we will pay for this coverage is 25% of the sum of the amount we pay for direct physical loss of or damage to Covered Property plus the deductible applicable to the loss or damage. If this amount is not sufficient to pay all the debris removal expenses, we will pay up to an additional amount specified under Limits of Insurance.

4. Exhibitions, Expositions, Trade Shows, or Fairs

We will pay for direct physical loss of or damage to your business personal property while at the premises of any exhibition, exposition, trade show, or fair. The loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay for loss or damage under this coverage is \$25,000 per occurrence.

5. Expediting Expense

We will pay the expediting expenses that you incur as a result of direct physical loss or damage to Covered Property.

Expediting expenses are reasonable extra costs for temporary repairs of and for expediting the repairs or replacement of Covered Property damaged by a Covered Cause of Loss. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include the costs incurred for the temporary rental of property, temporary replacement of damaged property, or expenses recoverable elsewhere in this Coverage Part.

The most we will pay under this coverage for all such expenses arising from an occurrence is \$25,000.

6. Extra Expense

- a. We will pay necessary "extra expense" incurred during the "period of restoration":
 - (1) Arising from direct physical loss of or damage to Covered Property at or within 1000 feet of "covered premises"; or
 - (2) If you are denied access to "covered premises" by a civil authority because of direct physical loss of or damage to property away from "covered premises."

The loss or damage must be caused by or result from a Covered Cause of Loss.

The most we will pay under this coverage for all "extra expenses" arising from an occurrence is \$25,000.

- b. The amount of "extra expense" will be determined based on:

(1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:

(a) The salvage value that remains of any property bought for temporary use during the "period of restoration" once "operations" are resumed; and

(b) Any "extra expense" that is paid for by other insurance except for insurance that is written subject to the same plan, terms, conditions, and provisions as this insurance.

(2) All necessary expenses that reduce the "extra expense" otherwise incurred.

7. Fine Arts - Market Value

We will pay for direct physical loss of or damage to "fine arts":

- a. That you own; or
- b. That belongs to others while in your care, custody, or control;

on a market value basis. The loss or damage must occur at "covered premises" and be caused by or result from any of the Covered Causes of Loss.

The most we will pay under this coverage is \$25,000 per occurrence.

8. Fire Department Service Charge

If a fire department is called to save or protect Covered Property at "covered premises" from a Covered Cause of Loss, we will pay your liability for fire department service charges:

- a. Assumed under contract or written agreement before the Covered Cause of Loss occurs; or
- b. Required by local ordinance.

9. Lost Key Consequential Loss

If a master or grand master key is lost or damaged by a Covered Cause of Loss, we will pay for the actual cost of keys, the cost of adjusting locks to accept new keys, or the cost of new locks, if required, of like kind and quality

including the cost of their installation. The most we will pay under this coverage for all amounts incurred under this coverage is \$25,000.

10. Money and Securities

- a. We will pay for the disappearance, destruction, or "theft" of "money" or "securities":

(1) From within "premises" or "banking premises"; or

(2) In the care, custody, or control of a "messenger" or armored motor vehicle company.

- b. In addition to any other exclusion that may apply to this coverage, we will not pay for:

(1) Loss resulting from accounting or arithmetical errors or omissions.

(2) Loss resulting from the giving or surrendering of property in exchange or purchase.

(3) Loss of property contained in any money-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

The most we will pay under this coverage for loss of "money" and securities" in any one occurrence is \$5,000.

11. Newly Acquired or Constructed Property

- a. We will pay for direct physical loss of or damage to your new buildings while being built on "covered premises."

- b. We will pay for direct physical loss of or damage to buildings acquired by you at locations that are not "covered premises." The buildings must be intended for:

(1) Similar use as buildings at "covered premises"; or

(2) Use as a warehouse

- c. We will pay for direct physical loss of or damage to your business personal property at locations you acquire.

- d. This coverage:

(1) Begins when construction is started or when you acquire the property. It ends when any of the following first occurs:

(a) This policy expires;

(b) 180 days after construction begins or you acquire the property; or

- (c) You report values to us.
- (2) Does not apply to property at any fair, trade show, exhibition, or exposition.
- (3) Applies only if the loss or damage is caused by or results from a Covered Cause of Loss.

We will charge you additional premium for this coverage based on values reported from the date construction begins or the date you acquire the property.

The most we will pay for loss or damage under this coverage is \$1,000,000 per occurrence.

12. Ordinance or Law

- a. If a Covered Cause of Loss occurs to covered buildings, we will pay:
 - (1) For loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - (a) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (b) Regulates the construction or repair of buildings; or establishes zoning or land use requirements at the described premises; and
 - (c) Is in force at the time of loss.
 - (2) The increased cost to repair, rebuild, or construct the property caused by enforcement of building, zoning, or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning, or land use ordinance or law.
 - (3) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning or land use ordinance or law.
- b. We will not pay for increased costs of construction under this coverage:
 - (1) Until the property is actually repaired or replaced, at the same premises or another premises; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed 2 years. We may extend this period in writing during the 2 years.
- c. We will not pay under this coverage for the costs associated with the enforcement of any ordinance or law that requires any

insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the affects of, "pollutants."

The most we will pay under this coverage is \$250,000 per occurrence.

13. Pollutant Cleanup

- a. We will pay your pollutant cleanup expenses only if:
 - (1) You report the pollutant cleanup expenses to us in writing within 180 days of the date on which the Covered Cause of Loss occurs; and
 - (2) The discharge, dispersal, seepage, migration, release, or escape of the "pollutants" or contaminants is caused by or results from a Covered Cause of Loss that occurs during the policy period.
- b. Pollutant cleanup expenses are amounts that are incurred:
 - (1) To extract, remove, or cleanup "pollutants" or contaminants from land or water; or
 - (2) To remove, restore, or replace polluted or contaminated land or water; at "covered premises."

The most we will pay under this coverage for each "covered premises" is \$25,000 for the sum of all pollutant cleanup expenses arising from Covered Causes of Loss occurring during each separate twelve month period of this policy.

14. Preservation of Property

You may move Covered Property from "covered premises" to another location in order to save it from imminent loss or damage by a Covered Cause of Loss. If you do, we will pay for direct physical loss of or damage to that property:

- a. While it is being moved to, returned from, or while temporarily stored at another location; and
- b. Only if the loss or damage occurs within ninety days after the property is first moved.

15. Property in Custody of Salespeople

We will pay for direct physical loss of or damage to your business personal property in the care, custody, or control of your salespeople. The loss or damage must occur away from "covered premises" and be caused by or result from a Covered Cause of Loss.

The most we will pay for loss or damage under this coverage is \$25,000 per occurrence.

16. Property Off-Premises

We will pay for direct physical loss of or damage to Covered Property that is temporarily away from "covered premises." The loss or damage must be caused by or result from a Covered Cause of Loss.

This coverage does not apply to:

- a. Property while in transit, or in or on a vehicle;
- b. Property in the care, custody, or control of salespeople, your employees, or any borrower or renter;
- c. Property at any exhibition, exposition, trade show, or fair; or
- d. Property sold under any conditional sale, trust agreement, installment plan, or other deferred payment plan.

The most we will pay for loss or damage under this coverage is \$25,000 per occurrence.

17. Refilling Fire Extinguishing Equipment

We will pay to refill fire extinguishers and automatic fire extinguishing systems if its discharge was:

- a. Caused by a Covered Cause of Loss; or
- b. Intended to control loss or damage by fire or explosion.

This coverage does not apply if the discharge occurred while the system or equipment was being tested or serviced.

This coverage is part of and does not increase the Limit of Insurance applicable to the Covered Property.

18. Transit

- a. We will pay for direct physical loss or damage to your business personal property in transit more than 1000 feet from "covered premises." The property must be in due course of transit at your risk between points within the coverage territory. The loss or damage must be caused by or result from a Covered Cause of Loss.
- b. We will only cover animals that die or that sustain injuries making destruction necessary if the death or injuries are caused directly by fire, lightning, windstorm, explosion, collision, or upset or overturn of the vehicle carrying the animals.
- c. This coverage does not apply to:

- (1) Property once it is in the care, custody, or control of salespeople or the Postal Service.
- (2) Property shipped on deck of ocean-going ships.
- (3) Import shipments. But this coverage shall apply once the property becomes fully discharged from the conveyance used to import it and other marine insurance on it has ceased.
- (4) Export shipments covered under other marine insurance or export shipments once they are onboard conveyances destined to leave the coverage territory.

The most we will pay for loss or damage under this coverage is \$10,000 per occurrence.

19. Valuable Papers and Records - Cost of Research

If there is direct physical loss of or damage to valuable papers and records (including records on electronic or magnetic media) by a Covered Cause of Loss, we will pay amounts you incur to research, replace, or restore information that was on such property. Valuable papers and records does not include money or "securities."

This coverage does not apply to:

- a. Your records of accounts receivable; or
- b. Amounts incurred to replace or restore information available from duplicates or from originals.

The most we will pay under this coverage is \$25,000 per occurrence.

20. Water Damage, Other Liquids, Powder or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to air out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.

This coverage is part of and does not increase the Limit of Insurance applicable to the Covered Property.

B. COVERED CAUSES OF LOSS

For the meaning of Covered Causes of Loss, as used in this Coverage Part, see the Causes of Loss - Comprehensive Form.

C. EXCLUSIONS

See the Causes of Loss --Comprehensive Form.

D. PROPERTY NOT COVERED

Except as specifically provided, Covered Property does not include nor will we pay for loss of or damage to:

1. Accounts, bills, currency, deeds, or evidences of debt or title, food stamps, money, notes or securities;
2. Aircraft or watercraft;
3. Bridges, patios, roadways, walks, walkways; or any paved surfaces
4. Contraband;
5. Crops (including grain, hay, and straw) while outside buildings;
6. Land (including land on which the property is located), water, lawns, dams, or dikes;
7. Docks, pilings, piers, or wharves;
8. Growing crops or standing timber;
9. Mines, caverns, or any property within a mine or cavern;
10. Licensed vehicles that you or your employees, officers, or partners own or lease from others;
11. Property in the course of illegal transportation or trade; or
12. Property while airborne, waterborne, or located offshore, (except as provided under Transit coverage.)

E. LIMITS OF INSURANCE

1. The most we will pay for direct physical loss of or damage to Covered Property at "covered premises" (including coverage under Debris Removal and Refilling Fire Extinguishing Equipment) in any one occurrence is the applicable Limit of Insurance shown in the Declarations for Covered Property.

But we will pay up to an additional \$5,000 for debris removal expenses if:

- a. The sum of direct physical loss or damage and debris removal expenses exceed the Limit of Insurance; or
 - b. The debris removal expenses exceed the amount payable under the 25% limitation stated in the Debris Removal coverage.
2. The limits specified under the following coverages are not a part of the Limits of Insurance shown in the Declarations.
 - a. Accounts Receivable.
 - b. Exhibitions, Expositions, Trade Shows, or Fairs.

- c. Extra Expense.
 - d. Fine Arts - Market Value.
 - e. Lost Key Consequential Loss.
 - f. Money and Securities.
 - g. Newly Acquired or Constructed Property.
 - h. Ordinance or Law.
 - i. Pollutant Cleanup.
 - j. Property in Custody of Salespeople.
 - k. Property Off-Premises.
 - l. Transit.
 - m. Valuable Papers and Records - Cost of Research.
3. The most we will pay for the theft of furs, fur garments, garments trimmed with fur, jewelry, jewels, pearls, precious or semiprecious stones, bullion, gold, silver, platinum, and precious or semiprecious metals or alloys in any one occurrence is \$5,000.

F. DEDUCTIBLES

1. We will not pay for any loss, damage, or expense arising from an occurrence until the amount of loss, damage, or expense exceeds the applicable Deductible shown in the Declarations. We will pay the amount of loss, damage, or expense that is in excess of the applicable Deductible amount, up to the applicable Limit of Insurance.

- a. The Earth Movement deductible:

- (1) Will be the larger of either \$50,000 or the Earth Movement Percent shown in the Declarations times the applicable Limits of Insurance.

This deductible applies separately to each premises.

- (2) Does not apply to fire, explosion, or "sprinkler leakage" loss resulting from "earth movement."

- b. The Flood deductible does not apply to fire or explosion loss resulting from "flood."

2. No deductible applies to amounts payable under the following coverages:

- a. Extra Expense.
- b. Fire Department Service Charges.

G. LOSS CONDITIONS

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to property:
 - (1) Notify the police if a law may have been broken.
 - (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when, and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the property from further damage by a Covered Cause of Loss. If feasible, set the damaged property aside and in the best possible order for examination. Also, you must keep a record of your expenses for emergency and temporary repairs, for consideration in the settlement of the claim. This will not increase the Limit of Insurance.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

You must also permit us to make copies from your books and records and permit us to take samples of damaged and undamaged property for inspection, testing, and analysis.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured (including employees) under oath, while not in the presence of any other insured (or employee) and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers (transcript) must be signed; however, we reserve the right to waive this requirement.

4. Loss Payment

- a. In the event of loss or damage, at our option we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild, or replace the property with other property of like kind and quality.

We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

- b. We will not pay more than your financial interest in any property.
- c. Our payment for loss of or damage to property of others will only be for the account of the owner of the property.

We may adjust losses with the owners of damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners, but we will not pay more than their financial interest in the property.

- d. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

- e. If you have complied with all of the terms of this Coverage Part and:

- (1) We have reached agreement with you on the amount of loss; or

- (2) An appraisal award has been made;

we will pay for covered loss or damage within 30 days after we receive the sworn proof of loss.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid you for the property. We will pay recovery expenses and the expenses to repair recovered property, subject to Limit of Insurance.

6. Vacancy

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage, we will:

- a. Not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

- (1) Vandalism;

- (2) Leakage of sprinkler systems, unless you have taken the necessary steps to protect the system from freezing;

- (3) Building glass breakage;

- (4) Water damage; or

- (5) Theft or attempted theft.

- b. Reduce the amount we would otherwise pay for the loss or damage by 15%;

A building is vacant when it does not contain enough business personal property to conduct customary operations. Buildings under construction are not considered vacant.

7. Valuation

The value of property shall be determined as of the time and place of loss or damage.

- a. Except as provided below, we will determine the value of property at its replacement cost (without deduction for depreciation.)

- b. We will not pay on a replacement cost basis:

- (1) Until the property is actually repaired, replaced, or rebuilt; and

- (2) Unless the repairs, replacement, or reconstruction is made as soon as reasonably possible after the loss or damage.

If we do not pay on a replacement cost basis, we will determine the value of the property at actual cash value.

- c. We will not pay more for loss or damage on a replacement cost basis than the least of:

- (1) The Limit of Insurance applicable to the lost or damaged property;

- (2) The cost to replace, on the same premises, the lost or damaged property with other property:

- (a) Of comparable material and quality; and

- (b) Used for the same purpose; or

- (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- d. For stock in process the value will be the value of raw stock and labor expended, plus the proper proportion of overhead charges.

- e. For "finished stock", the value will be the regular cash selling price minus all discounts and charges you otherwise would have had.

- f. For manuscripts, drawings, tape recordings, exposed film, or other records including those which exist on electronic or magnetic media (other than prepackaged software programs), the value will be the cost of:

- (1) Blank materials for reproducing the records; and

- (2) The labor incurred to transcribe or copy the records from duplicates or from originals.

- g. For property sold but not delivered, the value will be your net selling price after all allowances and discounts.

- h. For "fine arts," the value will be actual cash value. This valuation does not apply to the Fine Arts - Market Value coverage.

- i. For "money," the value will be at its face value or its equivalent (if from a country other than the United States of America) based on exchange rates in effect when loss occurred.

- j. For "securities," the value will be the actual cash value of the "securities" or the actual cost of replacing the "securities," whichever

is less. We will not pay for the loss of income, interest, or dividends that occur as a result of loss of the "securities."

Upon our payment for loss of "securities," you must assign to us all your right, title, and interest in and to those "securities."

- k. For property of others, the value will be the actual cash value of that property, or the amount for which you are liable if less, including labor, materials, or services added, furnished, or arranged by you. This valuation does not apply to the Fine Arts - Market Value coverage or property you lease from others under a lease agreement.
- l. For property of others under a lease agreement, the value will be the amount for which you are legally liable.

H. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Brands and labels.

If branded or labeled merchandise is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If we do, at your own expense you may:

- a. Stamp "salvage" on the merchandise, its packaging, or its containers only if the stamp will not physically damage the property.
- b. Remove the brands or labels only if such doing so will not physically damage the property. But you must relabel the merchandise, its packaging, or its containers to comply with the law.

2. Mortgage Holders

- a. The term "mortgage holder" includes trustee.
- b. We will pay for covered loss of or damage to covered buildings or structures to each mortgage holder shown in the Declarations (or schedule) in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the

mortgage holder will still have the right to receive loss payment if the mortgage holder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within sixty days after receiving notice from us of your failure to do so; and
- (3) Has notified us of any change in ownership, occupancy, or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with terms of this Coverage Part:

- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:

- (1) Ten days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) Thirty days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgage holder at least ten days before the expiration date of this policy.

3. Loss Adjustment

The following is intended to facilitate payment of insurance proceeds if there is disagreement between us and a company providing boiler and machinery insurance as to the amount of the loss to be paid by each company.

- a. We and the boiler and machinery insurer will make payments to the extent and in the

manner, described in the following if the requirements listed in b. below are satisfied.

- (1) We will pay, after your written request, the entire amount of loss that we agreed as being covered by this insurance and one-half (1/2) the amount that is in disagreement.
 - (2) The boiler and machinery insurer will pay, after your written request, the entire amount of loss that they have agreed as being covered by them and one-half (1/2) the amount that is in disagreement.
 - (3) The amount to be paid by us shall not exceed the amount we would have paid had no boiler and machinery insurance been in effect at the time of loss.
 - (4) The amount in disagreement to be paid by us shall not exceed the amount payable under the similar provision of the boiler and machinery insurer's policy.
 - (5) Your acceptance of sums paid does not alter, waive, or surrender any other right you have against us.
- b. The following requirements must be met under this provision.
- (1) The boiler and machinery insurance policy must contain a provision with substantially the same requirements, procedures, and conditions as provided under this provision.
 - (2) The damage to property must be caused by a loss for which both we and the boiler and machinery insurer admit to some liability for payment under the respective policies.
 - (3) The total amount of the loss must be agreed to by you, us, and the boiler and machinery insurer.
 - (4) We and the boiler and machinery insurer disagree as to the amount each should pay that is attributable to:
 - (a) A cause of loss covered under this insurance; and
 - (b) An accident covered under the boiler and machinery policy.
- c. We and the boiler and machinery insurer will submit our differences to arbitration within ninety days after loss payment made under the terms of this provision.

- d. There will be three arbitrators. One will be appointed by the boiler and machinery insurer and one will be appointed by us. The two arbitrators will then select the third arbitrator. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. A decision agreed to by two of the three arbitrators will be binding on both parties. Judgment on any award can be entered in any court that has jurisdiction. You will cooperate with any arbitration procedure, but not interfere in it.

4. Occupancy

Buildings and structures in the course of construction shall not be occupied without obtaining our written consent, except that machinery may be set up and operated solely for the purpose of testing the same without prejudice to this insurance.

5. Pair, Set, or Parts

- a. In case of loss or damage to any part of a pair or set, we may:
 - (1) Repair or replace any part to restore the pair or set to its value before loss or damage; or
 - (2) Pay the difference between the value of the pair or set before and after the loss or damage.
- b. In case of loss or damage to any part of property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

I. OPTIONAL COVERAGE -- INFLATION GUARD

The following applies only if this optional coverage is indicated in the Declarations.

The Limit of Insurance shown for Covered Property at "covered premises" will automatically increase by the annual percentage shown in the Declarations. The amount of increase will be:

1. The Limit of Insurance that applies on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance; times
2. The percentage of annual increase shown in the Declarations, expressed as a decimal (e.g. 8% is .08); times
3. The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

J. DEFINITIONS

Wherever used in this Coverage Part:

1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
 2. "Covered premises" means premises described in the Declarations or in a Schedule of Locations form attached to this Coverage Part.
 3. "Extra expense" means expenses you incur:
 - a. To avoid or minimize the suspension of business and to continue "operations":
 - (1) At "covered premises"; or
 - (2) At replacement premises or at temporary locations, including:
 - (a) Relocation expenses; and
 - (b) Costs to equip and operate the replacement or temporary locations.
 - b. To minimize the suspension of business if you cannot continue "operations."
 - c. To repair or replace any property. These expenses are covered only to the extent they reduce other extra expenses.
 4. "Finished stock" means stock you have manufactured or produced (including whiskey and other products being aged) which is ready for sale. It does not include stock you have manufactured or produced which is held for sale on the premises of any retail outlet insured under this Coverage Part.
 5. "Fine arts" means antiques, rare articles, and other works of art of every nature and description, including etchings, drawings, pictures, sculptures, statuary, marbles, bronzes, porcelains, and bric-a-brac.
 6. "Money" means currency, coins, and bank notes in current use and having a face value and travelers checks, register checks, and money orders held for sale to the public.
 7. "Messenger" means you or any of your employees, partners, directors, officers, or trustees while having custody of the property outside the "premises."
 8. "Operations" means:
 - a. Your business activities occurring at "covered premises"; and
 - b. The tenantability of the "insured locations."
 9. "Period of restoration":
 - a. Means the period that begins on the date loss or damage occurs and ends:
 - (1) When the damaged property should, with reasonable speed, be repaired, rebuilt, or replaced; or
 - (2) The number of months shown in the Declarations for Period of Restoration; whichever is earlier.
 - b. Does not include any increased period attributed to:
 - (1) The enforcement of any law, ordinance, order, rule, or ruling that:
 - (a) Prohibits, regulates, or restricts the alteration, construction installation, operation, use, or repair of any property.
 - (b) Requires the tearing down or demolition of any property.
 - (c) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of, "pollutants."
 - (2) Delays in:
 - (a) Rebuilding, repairing, or replacing property; or
 - (b) The resumption or continuation of "operations";resulting from interference by strikers or other persons.
 - (3) The suspension, lapse, cancellation, repeal, or refusal of, or any delay in the granting of, any license, lease, permit, contract, or order.
- The expiration date of this policy will not cut short the "period of restoration."
10. "Personal property of others" means personal property that you do not own. It does not include:
 - a. Personal property that belongs to you or your employees, officers, or partners; or
 - b. Business personal property leased from others.
11. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, soot, vapor, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

12. "Premises" means the interior portion of any building you occupy in conducting your business.
13. "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit cards, which cards are not issued by you;but does not include "money."
14. "Stock" means merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping.
15. "Theft" means any act of stealing except as otherwise excluded.

CAUSES OF LOSS COMPREHENSIVE FORM

Words and phrases that appear in quotation marks have special meaning. Refer to section E.- Definitions.

A. COVERED CAUSES OF LOSS

Covered Causes of Loss, as used in this Coverage Part, means RISKS OF DIRECT PHYSICAL LOSS unless the loss or damage is excluded or limited by other provisions in this Coverage Part.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) That regulates or restricts the construction, installation, replacement, occupancy, operation, or use of any property.
- (2) That requires the demolition or tearing down of any property, including the cost of removing its debris.

b. Earth Movement

- (1) Any "earth movement" that begins before or is in progress when this insurance becomes effective. This exclusion applies even if the loss or damage occurs after this insurance becomes effective.
- (2) Any "earth movement" that begins after this insurance becomes effective. But fire, explosion, or "sprinkler leakage" resulting from "earth movement" is covered. This exclusion does not apply if the Earth Movement Optional Coverage is selected in the Declarations.

c. Flood

- (1) Any "flood" that begins before or is in progress when this insurance becomes effective. This exclusion applies even if the loss or damage occurs after this insurance becomes effective.

- (2) Any "flood" that begins after this insurance becomes effective. But fire or explosion resulting from "flood" is covered. This exclusion does not apply if the Flood-Optional Coverage is selected in the Declarations.

d. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

e. Nuclear Hazard

Nuclear reaction or nuclear radiation or radioactive contamination, however caused.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

f. Off-Premises Services

The failure of power or other utility service supplied to "covered premises," however caused, if the failure occurs away from "covered premises."

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

g. War and Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign power, or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for loss or damage caused by or resulting from:

- a. Artificially generated electric current, including electric arcing, that damages or disturbs electrical devices, appliances, or wires.

But if loss or damage by fire results, we will pay for that resulting loss or damage.

- b. Delay, loss of use, or loss of market.
- c. Smoke, vapor, or gas from agricultural smudging or industrial operations.
- d. Explosion of steam boilers, steam pipes, steam engines, or steam turbines owned or leased by you, or operated under your control. But if loss or damage by fire or combustion explosion results, we will pay for that resulting loss or damage. We will also pay for loss or damage caused by or resulting from the explosion of gases of fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- e. Dishonest or criminal act by you, by any of your partners, employees, directors, trustees, or authorized representatives, or by anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees; but theft by employees is not covered.

- f. Voluntary parting with any property by you or anyone else to whom you have entrusted the property so if induced to do by any pretense or fraudulent scheme, trick, or device.
- g. Rain, snow, ice, or sleet to personal property in the open.
- h. Collapse, except as provided below in the Additional Coverage for Collapse. But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.
- i. "Mine Subsidence."
- j. Discharge, dispersal, seepage, migration, release, or escape of "pollutants" unless the discharge, dispersal, seepage,

migration, release, or escape is itself caused by any of the "specified causes of loss." But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss."

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage.

- a. Wear and tear;
- b. Rust, corrosion, mold, fungus, disease, decay, wet or dry rot, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
- c. Smog;
- d. Settling, cracking, shrinking, or expansion;
- e. Insects, moths, birds, rodents, vermin, or other animals;
- f. Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision.
- g. The following causes of loss to personal property:
 - (1) Dampness or dryness of atmosphere;
 - (2) Changes in or extremes of temperature; or
 - (3) Marring or scratching.

4. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a covered Cause of Loss results, we will pay for that resulting loss or damage.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization, or governmental body.
- c. Faulty, inadequate, or defective:
 - (1) Planning, zoning, development, surveying, or siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, or compaction;
 - (3) Materials used in repair, construction, renovation, or remodeling; or
 - (4) Maintenance;
- of part or all of any property on or off the "covered premises."

5. Special Exclusions

- a. The following provisions shall also apply only with respect to loss or damage to valuable papers and records.

We will not pay for loss or damage caused by or resulting from:

- (1) Electrical or magnetic injury, disturbance, or erasure of electronic recordings. But we will pay for direct loss caused by lightning.
- (2) Errors in machine programming or instructions to machines.
- (3) Errors or omissions in processing or copying. But we will pay for direct loss or damage caused by resulting fire or explosion.
- (4) Operator or programmer error.
- (5) Unauthorized instructions to transfer property to any person or to any place.

- b. The following provisions shall also apply only with respect to loss of or damage to animals.

We will not pay for loss or damage caused by or resulting from:

- (1) Blizzards, snowstorms, freezing, or smothering. This exclusion does not apply to animals inside buildings when any of these occur.
- (2) Colds, disease, illness, infection, parturition, or other natural causes.

- c. The following provisions shall also apply only with respect to "extra expense," the Business Income Coverage Form, or the Extra Expense Coverage Form.

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or

- (b) The time required to reproduce "finished stock."

This exclusion does not apply to "extra expense" (or Extra Expense).

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing, or replacing the property or resuming "operations," due to interference at the location of the rebuilding, repair, or replacement by strikers or other persons; or

- (b) Suspension, lapse, or cancellation of any license, lease, or contract. But if the suspension, lapse, or cancellation is directly caused by the suspension of "operations," we will cover such loss that affects your Business Income during the "period of restoration."

- (4) Any "extra expense" (or Extra Expense) caused by or resulting from suspension, lapse, or cancellation of any license, lease, or contract beyond the "period of restoration."

- (5) Any other consequential loss.

- d. The following provisions shall also apply only with respect to the Leasehold Interest Coverage Form.

- (1) Paragraph B.1.a., Ordinance or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;

- (b) The suspension, lapse, or cancellation of any license; or

- (c) Any other consequential loss.

- e. The following provisions shall also apply but only with respect to the Legal Liability Coverage Form.

- (1) The following exclusions in the Causes of Loss Comprehensive Form do not apply.

- (a) Paragraph B.1.a., Ordinance or Law;

- (b) Paragraph B.1.d., Governmental Action;
 - (c) Paragraph B.1.e., Nuclear Hazard;
 - (d) Paragraph B.1.f., Off-Premises Services; and
 - (e) Paragraph B.1.g., War and Military Action.
- (2) We will not defend any claim or "suit" or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.
 - (3) We will not defend any claim or "suit" or pay any damages, loss, expense, or obligation, resulting from nuclear reaction or nuclear radiation or radioactive contamination, however caused.

C. LIMITATIONS

1. We will not pay for loss of or damage to:
 - a. Steam boilers, steam pipes, steam engines, or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand, or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand, or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet, or ice on the building or structure.
 - d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or

other instances where there is no physical evidence to show what happened to the property.

- e. Property that has been transferred to a person or to a place outside "covered premises" on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass that is part of a building or structure;
 - (2) Containers of property held for sale; or
 - (3) Photographic or scientific instrument lenses.
 - b. Builders' machinery, tools, and equipment you own or that are entrusted to you, while away from "covered premises."
 3. We will not pay any cost to excavate, grade, backfill, or fill any land.

D. ADDITIONAL COVERAGE - COLLAPSE

We will pay for loss or damage caused by or resulting from risks of direct physical loss involving collapse of a building or any part of a building caused only by one or more of the following:

1. The "specified causes of loss" or breakage of building glass, all only as insured against in this Coverage Part;
2. Hidden decay;
3. Hidden insect or vermin damage;
4. Weight of people or personal property;
5. Weight of rain that collects on a roof;
6. Use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

We will not pay for loss or damage to the following types of property, if otherwise covered in this Coverage Part, under items 2., 3., 4., 5., and 6. unless the loss or damage is a direct result of the collapse of a building:

outdoor radio or television antennas, including their lead-in wiring, masts or towers; awnings, gutters, and downspouts; yard fixtures, outdoor swimming pools; fences; piers, wharves and docks; beach or diving platforms or appurtenances; retaining walls; walks, roadways, and other paved surfaces.

Collapse does not include settling, cracking, shrinkage, bulging, or expansion.

This Additional Coverage will not increase the Limits of Insurance provided in this Coverage Part.

E. DEFINITIONS

Wherever used in this Coverage Part:

1. "Earth movement" means earthquakes, landslides, or any other kind or type of earth movement. But "earth movement" does not mean mud-slide, mud-flow, "sinkhole collapse," or collapse of manmade, underground mines.

All "earth movements" that occur within any 168-hour period will constitute a single occurrence by "earth movement." The expiration of this policy will not reduce the 168-hour period.

2. "Flood" means:

- a. Floods, flash floods, surface water, waves, tides, tidal waves or water, the rising or overflowing of any body of water, or their spray or runoff, all whether or not driven by wind.
- b. Mud-slide or mud-flow caused or precipitated by accumulation of water in, on, or under the ground.

"Flood" includes the unusual and rapid accumulation or runoff of surface waters from any source.

3. "Mine subsidence," means lateral or vertical movement, including collapse, resulting from collapse of manmade, underground mines.
4. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - a. The cost of filling sinkholes; or
 - b. Sinking or collapse of land into manmade underground cavities.

5. "Specified cause of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.

To the extent that the Earth Movement - Optional Coverage applies or the Flood - Optional Coverage applies, "specified causes of loss" shall include "flood" or "earth movement."

BUSINESS INCOME COVERAGE FORM

(WITHOUT EXTRA EXPENSE)

- A. The following is added under the COVERAGES section of the Building and Personal Property Coverage Form.

Business Income

1. We will pay the actual loss of Business Income that you sustain during the "period of restoration" because of the necessary suspension of your "operations." The suspension must be caused by or result from direct physical loss of or damage to property at or within 1000 feet of "insured locations." With regard only to locations you acquire, this coverage does not apply if any of the following occurs before the loss or damage to property.

- a. The policy expires.
- b. Thirty (30) days expire after you acquire the location.

The loss or damage must be caused by or result from any of the Covered Causes of Loss.

2. We will pay the actual loss of Business Income that you sustain if an act of civil authority prohibits access to "insured location." This coverage applies:
 - a. If the action was taken because of direct physical loss of or damage to property at locations other than "insured locations"; and
 - b. Only to the actual loss of Business Income incurred while access is denied but not exceeding two consecutive weeks from the date access was prohibited.
3. We will pay the actual loss of Business Income that you sustain during the period that:
 - a. Begins on the date property (except "finished property") is actually repaired, rebuilt, or replaced and "operations" are resumed; and
 - b. Ends on the earlier of:
 - (1) The date you could restore your "operations," with reasonable speed, to the condition that would have existed if no direct physical loss or damage occurred; or

- (2) One Hundred Eighty consecutive days after the "period of restoration."

The loss of Business Income must result from direct physical loss or damage to property at "insured locations" by a Covered Cause of Loss.

4. If direct physical loss or damage to:
 - a. New buildings or structures, whether complete or under construction;
 - b. Alterations or additions to existing buildings or structures; and
 - c. Machinery, equipment, supplies, or building materials located on or within 1000 feet of "insured locations" and:
 - (1) Used in the construction, alteration, or addition; or
 - (2) Incidental to the occupancy of new buildings.

delays the start of "operations," the "period of restoration" will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

5. We will not pay for any loss of Business Income resulting from direct physical loss of or damage to "electronic media and records" after the longer of:
 - a. Sixty consecutive days from the date of direct physical loss or damage; or
 - b. The period, beginning with the date of direct physical loss or damage, necessary to repair, rebuild, restore, or rebuild, with reasonable speed and similar quality, other property at "insured locations" due to loss or damage caused by the same occurrence.

Example No.1:

A Covered Cause of Loss damages a computer on June 1. It takes until September 1 to replace the computer and until October 1 to restore the data that was lost when the damage occurred. We will only pay for the actual loss of Business Income sustained during the period June 1 through September 1. Loss of Business Income sustained during the period September 2 through October 1 is not covered.

Example No. 2:

A Covered Cause of Loss results in the loss of data processing programming records on August 1. The records are replaced on October 15. We will only pay for actual loss of Business Income sustained during the period August 1 through September 29 (60 consecutive days.) Loss of Business Income sustained during the period September 30 through October 15 is not covered.

6. Business Income, as used in this Coverage Part, means:
- a. Net Income (net profit or loss before income taxes) that would have been earned or incurred;
 - b. Continuing normal operating expenses incurred, including payroll; and
 - c. "Rental value."
- B. The following is added under paragraph F. ADDITIONAL CONDITIONS only as respects the coverage provided by this form.

1. Resumption of Operations

- a. If you intend to continue your business "operations," you must make every reasonable effort to resume all or part of your "operations" as quickly as possible.
- b. We will reduce the amount of the actual loss of Business Income that you sustain to the extent you can resume your "operations," in whole or in part, by:
 - (1) Making use of another location.
 - (2) Restoring Covered Property to workable order.
 - (3) Using damaged or undamaged property.
 - (4) Using other available source of materials, equipment, supplies, or other property.
- c. If you do not resume "operations," or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

2. Business Income Loss Determination

We will figure the actual loss of Business Income that you sustain based on:

- a. The Net Income of the business before the direct physical loss or damage occurred;

- b. The probable Net Income of the business if no direct physical loss or damage occurred;
- c. The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed prior to the direct physical loss or damage; and
- d. Other relevant sources of information, including:
 - (1) Your financial records and accounting procedures;
 - (2) Bills invoices, and other vouchers; and
 - (3) Deeds, liens, or contracts.

3. Limits of Insurance - Business Income

The most we will pay for loss arising from any one occurrence is the applicable Business Income Limit of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance.

- 1. New buildings or structures, whether complete or under construction
- 2. Alterations or additions to existing buildings or structures.
- 3. Civil Authority

- C. The following are added under H. DEFINITIONS of the Building and Personal Property Coverage Form only as respects the coverage provided by this form.

1. "Electronic media and records" means:

- a. Electronic data processing, recording, or storage media such as films, tapes, discs (or diskettes), drums, or cells;
- b. Data stored on such media; or
- c. Programming records used for electronically controlled equipment.

2. "Insured locations" means:

- a. Any location that you acquire other than at exhibitions, expositions trade shows, or fairs; and
- b. "Covered premises."

3. "Rental value" means the:

- b. Amount of rental income is the legal obligation of the tenant(s)

D. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such an umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense and the amount of loss.

If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal

- a. You will still retain your right to bring a legal action against us, subject to the provision of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROTECTION PLUS PROPERTY PROGRAM

This endorsement modifies insurance provided under the following:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

SCHEDULE

	Limit of Insurance		Limit of Insurance		Limit of Insurance
Newly Acquired or Constructed Property		Off Premises Services		Soft Costs	
Improvements and Betterments	Included	Catastrophe Allowance		Extra Expense	
Demolition Cost and Increased Cost of Construction		Trees, Shrubs, and Plants	\$1,000 any one tree, shrub or plant / \$25,000 any one occurrence	Personal Property	\$50,000 or 10% of the real property limit shown on the declarations page

A. EXTRA EXPENSE

The limit of insurance specified under paragraph A. COVERAGES 6. Extra Expense of the Building and Personal Property Coverage Form is replaced by the Limit of Insurance shown in the Schedule for Extra Expense.

B. ORDINANCE OR LAW - DEMOLITION AND INCREASED COST OF CONSTRUCTION

A. COVERAGES 12. Ordinance or Law of the Building and Personal Property Coverage Form is replaced by the following for Demolition and Increased Cost of Construction:

a. If a Covered Cause of Loss occurs to covered buildings, we will pay:

- (1) The increased cost to repair, rebuild, or construct the property caused by enforcement of building, zoning, or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the property in existence at the time of loss or damage, unless otherwise required by zoning, or land use ordinance or law in effect at the time of the loss or damage.

- (2) The cost to demolish and clear the site of undamaged parts of the property caused by enforcement of the building, zoning, or land use ordinance or law in effect at the time of the loss or damage.

b. We will not pay for increased costs of construction under this coverage:

- (1) Until the property is actually repaired or replaced, at the same premises or another premises if required by ordinance, zoning or law in effect at the time of the loss or damage; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage occurs, not to exceed a period of 2 years. We may extend this period in writing during the 2 year period if conditions warrant.

c. We will not make any payments under this coverage for the costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants."

The most that we will pay under this coverage in any one occurrence is the Limit of Insurance shown in the Schedule for Demolition Costs and Increased Cost of Construction.

C. ORDINANCE OR LAW - LOSS TO UNDAMAGED PORTION OF BUILDING

A. COVERAGES 12. Ordinance or Law of the Building and Personal Property Coverage Form is replaced by

the following for Loss to the Undamaged Portion of Buildings:

- a. If a Covered Cause of Loss occurs to covered buildings, we will pay for loss to the undamaged portion of the building caused by enforcement of any ordinance or law that:
 - (1) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
 - (2) Regulates the construction or repair of buildings; or establishes zoning or land use requirements at the described premises; and
 - (3) Is in force at the time of loss.
- b. We will not make any payments under this coverage for the costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants."

This coverage is part of and does not increase Limits of Insurance applicable to Covered Property.

D. NEWLY ACQUIRED OR CONSTRUCTED

The limit of insurance specified under paragraph A. COVERAGES 11. Newly Acquired or Constructed Property of the Building and Personal Property Coverage Form is replaced by the Limit of Insurance shown in the Schedule for Newly Acquired or Constructed Property.

E. TREES, SHRUBS AND PLANTS

The following is added under section E. LIMITS OF INSURANCE of the Building and Personal Property Coverage Form:

4. We will pay for loss of outdoor trees, shrubs and plants at the described premises against direct loss in any one occurrence by the perils of fire, lightning, explosion, riot, civil commotion, aircraft, vandalism, vehicles and "theft."

But the most we will pay for direct physical loss of or damage:

- a. To any one tree, shrub, or plant in any one occurrence is \$1,000.
- b. To all trees, shrubs, and plants in any one occurrence is \$25,000.

F. IMPROVEMENTS AND BETTERMENTS

Paragraph b. under A. Coverages 1. Property at Your Premises of the Building and Personal Property Coverage Form is replaced by the following for Real Property:

If Real Property is indicated in the declarations, Covered Property, as used in this Coverage Part means building,

structures, and other real property including improvements and betterments made a permanent part of the building, structure, or real property.

Improvements and betterments are fixtures, alterations, installation, or additions that are made a part of a building or structure that you own or are entirely responsible for operating.

We agree to accept and consider you as sole and unconditional owner of improvements and betterments, notwithstanding any contract or lease to the contrary.

G. ADDITIONAL COVERAGES

The following are added under A. COVERAGES of the Building and Personal Property Coverage Form.

1. Catastrophe Allowance

The following applies only if Property Claims Services (an independent claims information service) publicly assigns a catastrophe number to the insured event that causes direct physical loss or damage (e.g. hurricane, blizzards, hailstorms). We will inform you if a catastrophe number has been assigned when you file a claim.

The insurance provided under this Coverage Part may be extended in the aggregate for any one coverage or for any combination of coverages up to the Limit of Insurance shown in the Schedule for Catastrophe Allowance. This means that you have up to the amount specified to apply to insurance provided under this Coverage Part if applicable limits are not enough to compensate you for the loss that you incur.

This coverage may not be used to cover any deductible amount of this or any other policy.

2. Rewards

We may offer a reward for information which would lead to the arrest and conviction of the person(s) who caused the loss covered under this Coverage Part. Whether or not a reward is offered and the amount of such reward will be solely at our discretion. You may, at your option, add to the amount of the reward we offer, or you may offer a reward if we decide not to.

We will not reimburse you for any reward you offer or any related expenses. The reward that we offer would be advertised in your name, our name, or your name and ours.

3. Soft Costs

- a. We will pay the actual "Soft Costs" that you incur because of direct physical loss or damage to Covered Property by a Covered Cause of Loss. We will pay only those "Soft Costs":

(1) That are over and above your "normal expenditures" for such costs; and

(2) That are incurred during the period of time:

(a) That begins on the date loss occurs; and

(b) Ends one year after the date on which the construction, repairs, or replacement would be scheduled for completion.

Normal expenditures are expenses that would have been incurred by your operations had no loss or damage occurred.

b. The most we will pay under this coverage for "Soft Costs" arising from any one occurrence is the Limit of Insurance shown in the Schedule of this endorsement.

4. Personal Property

If a Limit of Insurance is shown in the Declarations for Real Property, we will also pay for direct physical loss of or damage to any one or more of the types of Personal Property as described in the Building and Personal Property Coverage Form under A. Coverages 1. c. Personal Property. If there is other insurance in this or any other policy covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance.

The most we will pay for loss or damage under this coverage is 10% of the Limit of Insurance for Real Property shown in the Declarations, but not more than \$50,000 in any one occurrence.

5. Off Premises Services

We will pay for loss or damage to covered property that results from the failure of utility service to the "covered premises."

The failure must result from direct physical loss or damage by a covered cause of loss to the utility service not on the "covered premises."

Utility services means water supply services, communications supply services, and power supply services.

The most we will pay under this coverage in any one occurrence is the Limit of Insurance shown in the schedule of this endorsement.

H. LIMITS OF INSURANCE

The following are added under paragraph 2. of E. LIMITS OF INSURANCE of the Building and Personal Property Coverage Form:

1. Catastrophe Allowance
2. Rewards

3. Soft Costs
4. Personal Property
5. Off Premises Services

I. DEFINITIONS

1. "Soft Costs" means:

(a) Realty taxes and other assessments attributed to the increased property values that result directly from construction or repair costs associated with loss or damage by a Covered Cause of Loss;

(b) Increased interest and fees necessitated by the operation of a mortgage acceleration clause; and

(c) Advertising and promotional expenses used to:

(1) Inform your customers of your continuing business plans; or

(2) Attract customers after loss or damage occurs to your property.

2. "Normal expenditures" are expenses that would have been incurred by your operations had no loss or damage occurred.

3. "Water supply services" means pumping stations and water mains supplying water to the "covered premises."

4. "Communication supply services" means:

a. communication transmission lines;

b. coaxial cables; and

c. microwave radio relays, excluding satellites supplying communication services, including telephone, radio, microwave or television services to the "covered premises."

5. "Power supply services" means:

a. utility generating plants;

b. switching stations;

c. substations;

d. transformers; and

e. transmission lines, supplying electricity, steam or gas to the "covered premises."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TREES, SHRUBS AND PLANTS
AMENDMENT OF COVERAGE**

This endorsement modifies insurance provided under the following:

PROTECTION PLUS PROPERTY PROGRAM

The following is added under section E. of the Protection Plus Property Program Extended Coverage form:

4. We will pay for loss of outdoor trees, shrubs and plants at the described premises against direct loss in any one occurrence by the perils of fire, lightning, windstorm, freezing, explosion, riot, civil commotion, aircraft, vandalism, vehicles and "theft".

But the most we will pay for direct physical loss or damage:

- a. To any one tree, shrub, or plant in any one occurrence is \$1,000.
- b. To all trees, shrubs, and plants in any one occurrence is \$25,000.

WITH RESPECT TO THE LOSS OR DAMAGE ADDRESSED WITHIN THIS ENDORSEMENT, ALL OF THE REVISED LIMITS, TERMS, EXCLUSIONS AND CONDITIONS SUPERSEDE ANY OTHERS WITHIN YOUR POLICY.

ALL OTHER TERMS AND CONDITIONS OF YOUR POLICY REMAIN THE SAME

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL LIMITS OF INSURANCE

This endorsement modifies insurance provided under the following

BUILDING AND PERSONAL PROPERTY COVERAGE PART.

The following apply only if an 'x' is entered in the box and a limit of insurance is shown in the space provided.

☐ **Accounts Receivable:**

The limit of insurance specified under paragraph A.2. is increased to \$ _____

☐ **Expediting Expenses:**

The limit of insurance specified under paragraph A.5. is increased to \$ _____

☐ **Property Off-Premises:**

The limit of insurance specified under paragraph A.16. is increased to \$ _____

☐ **Valuable Papers and Records - Cost of Research:**

The limit of insurance specified under paragraph A.19. is increased to \$ _____

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - WINDSTORM OR HAIL

This endorsement modifies insurance provided under the following
CAUSES OF LOSS - COMPREHENSIVE PART.

- A. As respects the Covered Property indicated in the Schedule below, the following is added under the EXCLUSIONS section.

We will not pay for loss, damage, or expenses caused by or resulting from windstorm or hail. But if loss or damage by a Covered Causes of Loss results, we will pay for that resulting loss or damage.

- B. **Section E. 5. Definitions** is hereby amended to delete "windstorm or hail" from the definition of "specified causes of loss."

Prem. No.

Schedule

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMPUTER RANDOM ATTACK AND DENIAL OF SERVICES EXCLUSION

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESSOWNERS COVERAGE – SECTION I - PROPERTY
CAUSES OF LOSS – BASIC, BROAD, SPECIAL OR COMPREHENSIVE FORM
INLAND MARINE COVERAGE FORM
PROTECTION PLUS PROTECTION PROGRAM

A. Exclusions

The following Exclusions are added or replace any exclusions pertaining to any "random attack", "hacking event", or a "computer virus" or "denial of services"; and supersede any other exclusions, preclusion of coverages or exceptions to any exclusions pertaining to any "random attack", "hacking event", or a "computer virus" or "denial of services".

1. "Random Attack" – "Hacking Event" or "Computer Virus"

We will not pay for any loss or damage caused directly or indirectly from a "random attack" by a "hacking event" or "computer virus". Such loss is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion does not apply to a "specific attack" to your computer equipment.

2. "Denial of Services"

We will not pay for any loss of use, loss of earnings, or any extra expense caused by or resulting from the "denial of services".

Definitions

The following definitions are added:

"Computer virus" means a piece of code that is maliciously or fraudulently introduced into a computer or telecommunications system. Once introduced, the virus may destroy, alter, contaminate, or degrade the integrity, quality, or performance of data or any computer application software, computer network, or computer operating system and related software. "Computer virus" shall not be limited to a virus, but includes all methods described, such as worms and trojans.

"Denial of services" means an intentional specific or "random attack" on your computer system or telecommunications system for the purposes of nuisance, sabotage, or malicious tampering which has the effect of:

- a. depleting system resources available through the Internet to authorized external users of your computer system or telecommunications systems; or
- b. impeding Internet access of authorized external users to your computer system or telecommunications system.

"Hacking event" means an attack that allows unauthorized access or use of a computer or telecommunications system by electronically circumventing a security system or procedure.

"Random attack" means the widespread attack, by a "hacking event" or "computer virus", directed against the computer systems, software, data, or telecommunications systems of multiple organizations or persons who are not part of you, rather than solely at your computer systems, software, data, or telecommunications systems. Such attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

"Specific attack" means the intentional attack, by a "hacking event" or "computer virus", directed solely at your computer system, software, data or telecommunications system, when the attack is intended for the purpose of fraud, nuisance, or malicious tampering or destruction.

ALL OTHER TERMS AND CONDITIONS OF YOUR POLICY REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**“MOLD OR OTHER FUNGI”, WET OR DRY ROT, OR “BACTERIA”
EXCLUSION WITH ADDITIONAL LIMITED COVERAGE**

THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS – BASIC, BROAD, SPECIAL OR COMPREHENSIVE FORM
INLAND MARINE COVERAGE FORM
PROTECTION PLUS PROPERTY PROGRAM

1. The following Exclusion is added. With respect to the loss or damage addressed herein, this exclusion supersedes any other exclusion that addresses “mold or other fungi”, wet or dry rot or “bacteria”.

“Mold or other fungi”, wet or dry rot, or “bacteria”

We will not pay for loss or damage caused directly or indirectly by the presence, growth, proliferation, spread or any activity of “mold or other fungi”, wet or dry rot, or “bacteria”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

We will not pay for the costs associated with the enforcement of any ordinance, regulation, or law which requires you or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of “mold or other fungi”, wet or dry rot, or “bacteria”. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

2. The following Exclusion is added.

Seepage or Leakage

We will not pay for “mold or other fungi”, wet or dry rot, or “bacteria” loss or damage caused by or resulting from water or steam that seeps or leaks, or the presence or condensation of humidity, moisture, or vapor, that occurs over a period of 14 days or more.

3. The following Additional Coverage is added to your Policy:

Limited Coverage for “mold or other fungi”, wet or dry rot, or “bacteria”

- a. The coverage described in **3.b.**, and **3.f.**, only applies when the “mold or other fungi”, wet or dry rot or “bacteria”, is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

- (1) A “specified cause of loss”; or

- (2) Flood, if Flood Coverage applies to the affected premises.
- (3) Earthquake, if Earthquake Coverage applies to the affected premises.
- b. We will pay for loss or damage by "mold or other fungi", wet or dry rot or "bacteria". As used in this Limited Coverage, the term loss or damage means:
 - (1) Direct physical loss or damage to Covered Property caused by "mold or other fungi", wet or dry rot or "bacteria", including the cost of removal of the "mold or other fungi", wet or dry rot or "bacteria";
 - (2) The cost to tear out and replace any part of the building or other property as needed to gain access to the "mold or other fungi", wet or dry rot or "bacteria"; and
 - (3) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "mold or other fungi", wet or dry rot or "bacteria" are present.
- c. The coverage described under **3.b.**, of this Limited Coverage is limited to \$25,000. This limit is the most we will pay regardless of the number or type of coverages that may apply, the number of locations, or regardless of the number or type of "mold or other fungi", wet or dry rot or "bacteria" that caused the loss or damage, and regardless of the number of claims. This limit is the most we will pay for the total of all loss or damage arising out of all occurrences described in **3.a.**, which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "mold or other fungi", wet or dry rot or "bacteria", we will not pay more than a total of \$25,000 even if the "mold or other fungi", wet or dry rot or "bacteria", wet or dry rot or "bacteria" continues to be present or active, or recurs, in a later policy period.
- d. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "mold or other fungi", wet or dry rot or "bacteria", and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "mold or other fungi", wet or dry rot or "bacteria", loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "mold or other fungi", wet or dry rot or "bacteria" causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.
- e. The terms of this Limited Coverage do not increase or reduce the coverage provided under the Additional Coverage – Collapse, if such Additional Coverage applies to your policy.
- f. The following, **3.f.(1)** or **3.f.(2)** applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.
 - (1) If the loss which resulted in "mold or other fungi", wet or dry rot or "bacteria" does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "mold or other fungi", wet or dry rot or "bacteria", then our payment under Business Income and/or Extra Expense

is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

- (2) If a covered "suspension" of "operations" was caused by loss or damage other than "mold or other fungi", wet or dry rot or "bacteria" but remediation of "mold or other fungi", wet or dry rot or "bacteria" prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

4. The following Definitions are added:

"bacteria" means any type or form of bacterium or any mycotoxin, spore, scent or byproduct that is produced or released by such bacterium.

"mold or other fungi" means any type or form of mold or mildew, any other type or form of fungus, or any mycotoxin, spore, scent, or byproduct that is produced or released by such mold, mildew, or other fungus.

"specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or similar rock formations. This cause of loss does not include:
 - (1) The cost of filling sinkholes, or;
 - (2) Sinking or collapse of land into man-made underground cavities.
- b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

"suspension" means the slowdown or cessation of your business activities, or that a part or all of the described premises is rendered untenable, if coverage for Business Income including Rental Value applies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

“EARTH MOVEMENT” EXCLUSION OF DESIGNATED TERRITORIES

This endorsement modifies insurance provided under the following
CAUSES OF LOSS COMPREHENSIVE FORM

The **CAUSES OF LOSS COMPREHENSIVE FORM AP 00 19 02 08**, Paragraph **B. EXCLUSIONS**, Subparagraph **b. Earth Movement** is amended to add the following Subparagraph **(3)** as follows:

- (3)** Any “earth movement” causing loss or damage to any Covered Property insured under this policy where any part of the covered premises is situated wholly or partially in any of the following states and counties.

Arkansas: Arkansas, Clay, Craighead, Crittenden, Cross, Faulkner, Fulton, Greene, Independence, Jackson, Lawrence, Lee, Mississippi, Phillips, Poinsett, Prairie, Randolph, Sharp, St. Francis, White, Woodruff

California: all counties

Illinois: Alexander, Bond, Calhoun, Clinton, Edwards, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Jersey, Johnson, Madison, Marion, Massac, Monroe, Perry, Pope, Pulaski, Randolph, Saline, St Clair, Union, Wabash, Washington, Wayne, White, Will, Williamson

Kentucky: Ballard, Carlisle, Fulton, Graves, Hickman, Livingston, Marshall, McCracken

Mississippi: Coahoma, Desoto, Marshall, Panola, Quitman, Tate, Tunica

Missouri: Bolinger, Butler, Cape Girardeau, Carter, Dunklin, Iron, Jefferson, Madison, Mississippi, New Madrid, Oregon, Pemiscot, Perry, Reynolds, Ripley, Scott, St. Charles, St. Francois, St. Louis, St. Louis City, STE Genevieve, Stoddard, Washington, Wayne

Oregon: all counties

Tennessee: Crocket, Dyer, Fayette, Gibson, Hardeman, Haywood, Lake, Lauderdale, Madison, Obion, Shelby, Tipton, Weakley

Washington: all counties

If there is more than one Covered Premises insured under this policy, this exclusion applies only to those Covered Premises located wholly or partially in the counties shown in this endorsement and will apply even if the Earth Movement Optional Coverage is selected in the Declarations. Any loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss, but fire or explosion resulting from “earth movement” is covered.

ALL OTHER TERMS AND CONDITIONS OF YOUR POLICY REMAIN THE SAME

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEBRIS REMOVAL ADDITIONAL LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE PART.

SCHEDULE

**Prem.
No.**

**Debris Removal
Limit**

**Additional
Premium**

The additional limit of \$5000 shown in the LIMITS OF INSURANCE section for debris removal expenses is increased to the amount shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTION EXCLUSION AMENDMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM, and as applicable;
CAUSES OF LOSS COMPREHENSIVE FORM, or
TEXAS - CAUSES OF LOSS COMPREHENSIVE FORM

1. Section A.13., POLLUTANT CLEAN UP, of the Building And Personal Property Coverage Form is replaced by the following:

Pollutant and Contaminant Cleanup

- a. We will pay your pollutant and contaminant cleanup expenses only if:
 - (1) You report the pollutant and contaminant cleanup expenses to us in writing within 180 days of the date on which the Covered Cause of Loss occurs; and
 - (2) The discharge, dispersal, seepage, migration, release, growth or escape of the "pollutants" or contaminants is caused by or results from a Covered Cause of Loss that occurs during the policy period.
- b. Pollutant and contaminant cleanup expenses are amounts that are incurred:
 - (1) To extract, remove, or cleanup "pollutants" or contaminants from land, air or water; or
 - (2) To remove, restore, or replace polluted or contaminated land, air or water; at "covered premises."

The most we will pay under this coverage for all "covered premises" combined is \$25,000 for the sum of all pollutant and contaminant cleanup expenses arising from Covered Causes of Loss occurring during each separate twelve month period of this policy.

2. Paragraph 2.j. Section B., EXCLUSIONS, of the Causes Of Loss Comprehensive Form, or Paragraph 2.i. Section B., EXCLUSIONS, of the Texas - Causes Of Loss Comprehensive Form is replaced by the following:

Discharge, dispersal, seepage, migration, release, growth or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release, growth, or escape is itself caused by any of the "specified causes of loss". But if loss or damage by the "specified causes of loss" results, we will pay for the resulting damage caused by the "specified causes of loss".

3. Section B.3., EXCLUSIONS, of the Causes Of Loss Comprehensive Form or the Texas - Causes Of Loss Comprehensive Form is replaced by the following:

B.3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by the "specified causes of loss" or building glass breakage results, we will pay for that resulting loss or damage. To the extent mold, fungi, bacteria, or similar microbial contamination is caused by or results from, concurrently or in any sequence with a loss caused by these perils, the most we will pay for all "covered premises" is \$25,000 for the sum of all mold, fungi, bacterial or similar microbial contamination, damage, or remediation expenses arising from Covered Causes of Loss occurring during each separate twelve month period of this policy.

- a. Wear and tear;
 - b. Rust, corrosion, mold, fungus, disease, decay, wet or dry rot, deterioration, hidden or latent defect, or any quality in property that causes it to damage or destroy itself;
 - c. Smog;
 - d. Settling, cracking, shrinking, or expansion;
 - e. Insects, moths, birds, rodents, vermin, or other animals;
 - f. Mechanical breakdown, including rupture or bursting caused by centrifugal force. However, this does not apply to any resulting loss or damage caused by elevator collision.
 - g. The following causes of loss to personal property:
 - (1) Dampness or dryness of atmosphere;
 - (2) Changes in or extremes of temperature; or
 - (3) Marring or scratching.
4. Paragraph 5. of Section E., DEFINITIONS, of the Causes Of Loss Comprehensive Form or the Texas - Causes Of Loss Comprehensive Form is replaced by the following:
- E.5. "Specified cause of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects; weight of snow, ice or sleet; water damage. To the extent mold, fungi, bacteria, or similar microbial contamination is caused by or results from, concurrently or in any sequence with a loss caused by these perils, the most we will pay for all "covered premises" is \$25,000 for the sum of all mold, fungi, bacterial or similar microbial contamination, damage, or remediation expenses arising from Covered Causes of Loss occurring during each separate twelve month period of this policy.
- a. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - b. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
- To the extent that the Earth Movement - Optional Coverage applies or the Flood - Optional Coverage applies, "specified causes of loss" shall include "flood" or "earth movement".

South 39 Amendatory Property Endorsement

This endorsement modifies insurance provided under the following coverage part

Item 4 of Form AP 00 22 02 08, Trees, Shrubs and Plants is amended to include the peril of debris removal.

This endorsement modifies insurance provided under the following Building and Personal Property Coverage Form

Item A. 2, Accounts Receivable on Form AP 00 18 02 08, Business and Personal Property is amended to show limit of \$50,000 rather than \$25,000.

Item A. 19, Valuable Papers on Form AP 00 18 02 08, Business and Personal Property Coverage Form is amended to show limit of \$50,000 rather than \$25,000.

Item D. 3, Property Not Covered on AP 00 18 02 08, Business and Personal Property Coverage Form is amended to read:

Bridges, patios, roadways, walks, walkways, or any paved surfaces other than sports courts.

Item E., Limits of Insurance on Form AP 00 18 02 08, Business and Personal Property Coverage Form is amended to add the following provision:

E. 4. The limits application in items E.2.a. through E.2.m. are applicable at each "covered premises" in any one occurrence

This endorsement modifies insurance provided under the following Property Declaration Page

Coverage's Provided Section of Form CP 150 03 06, Property Declaration page is amended to show \$100,000 Business Income limit is provided with applicable deductible of \$1,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDOMINIUM EXTENSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

- A. Paragraph A.1.b. **COVERAGES**, is replaced by the following:
- b. If Real Property is indicated in the Declarations, Covered Property, as used in this Coverage Part, means buildings, structures, and other real property that you own, including all property made a permanent part of the building, structure, or real property. Covered property includes any of the following types of property contained within a unit regardless of the ownership, if the Condominium Association agreement specifically requires you to insure it:
 - 1. Fixtures, improvements and alterations that are a part of the building or structure; and
 - 2. Permanently attached appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering; and
 - 3. all wall coverings floor coverings, partition walls, plumbing fixtures, electrical fixtures, and any other permanently installed item made a part of the condominium unit
- B. Paragraph A.1.c. **COVERAGES**, is replaced by the following.
- c. If Personal Property is indicated in the Declarations, Covered Property, as used in this Coverage Part, means:
 - (1) Business personal property that you own;
 - (2) Business personal property that you lease from others if you have a written contractual obligation to insure it;
 - (3) "Personal property of others" while in your care, custody, or control;
 - (4) Personal property (other than vehicles) that belongs to you or your employees, officers, or partners; and
 - (5) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations, or additions:
 - (a) Made a part of a building or structure that you occupy and do not own; and
 - (b) You acquired or that were made at your own expense but which you cannot legally remove.
 - (6) Personal property owned indivisibly by all unit-owners;

C. Paragraph D. **PROPERTY NOT COVERED**, is replaced by the following.

Except as specifically provided, Covered Property does not include nor will we pay for loss of or damage to:

1. Accounts, bills, currency, deeds, or evidences of debt or title, food stamps, money, notes or securities;
2. Aircraft or watercraft;
3. Bridges, patios, roadways, walks, walkways, or any paved surface;
4. Contraband;
5. Crops (including grain, hay, and straw) while outside buildings;
6. Land (including land on which the property is located), water, lawns, dams, or dikes;
7. Docks, pilings, piers, or wharves;
8. Growing crops or standing timber;
9. Mines, caverns, or any property within a mine or cavern;
10. Licensed vehicles that you or your employees, officers, or partners own or lease from others;
11. Property in the course of illegal transportation or trade; or
12. Property while airborne, waterborne, or located offshore, (except as provided under Transit coverage.)
13. Covered Property does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in paragraph A.1.b. above.

D. The following is added to paragraph G. **LOSS CONDITIONS:**

8. Unit-Owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. The unit owners insurance is intended to be primary, and this policy will apply as excess insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER DAMAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

The Building and Personal Property Coverage Form, AP 00 18 02 08, Paragraph **F. Deductibles**, is amended to add Paragraph **1.c.** as follows:

- c.** A deductible of \$5,000 per occurrence applies for loss or damage caused by water. This deductible applies separately to each unit.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NAMED STORM PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

BUILDERS' RISK COVERAGE FORM
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY
TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Named Storm Deductible Percentage – Enter 1%, 2% Or 5%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A Named Storm is a storm system that has been identified as a tropical storm or hurricane and assigned a name by the National Hurricane Center or the Central Pacific Hurricane Center of the National Weather Service (hereafter referred to as NHC and CPHC). Under the terms of this endorsement, a Named Storm begins at the time a Watch or Warning is issued by the NHC or CPHC for the area in which the affected premises are located, and ends 72 hours after the termination of the last Watch or Warning issued for that area by the NHC or CPHC.

The Named Storm Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by each Named Storm. If there is covered loss or damage from a windstorm that is not a Named Storm, the applicable deductible is the same deductible that applies to Fire, unless a different deductible is stated elsewhere in this policy for such loss or damage.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

NAMED STORM DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property;
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition, Agreed Value Optional Coverage, Additional Condition – Need For Adequate Insurance or Additional Condition – Need For Full Reports.
3. When property is covered under the Coverage Extension for Newly Acquired or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.

- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE #1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$80,000 (80% of \$100,000).

The **actual** Limit of Insurance on the damaged building is \$70,000.

The Deductible is 1%.

Step (1): $\$70,000 \div \$80,000 = .875$

Step (2): $\$60,000 \times .875 = \$52,500$

Step (3): $\$70,000 \times 1\% = \700

Step (4): $\$52,500 - \$700 = \$51,800$

The most we will pay is \$51,800. The remainder of the loss, \$8,200, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

EXAMPLE #2 – SPECIFIC INSURANCE (B.1.)

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$100,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$80,000 (80% of \$100,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$80,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step (1): $\$80,000 \times 2\% = \$1,600$

Step (2): $\$60,000 - \$1,600 = \$58,400$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$97,120. The portion of the total loss not covered due to application of the Deductible is \$2,880.

EXAMPLE #3 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss that is not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000) and Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

BUILDING

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLOOD COVERAGE AMENDMENT AND LIMITATION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS COMPREHENSIVE FORM TEXAS CAUSES OF LOSS COMPREHENSIVE FORM

The following is added to the EXCLUSIONS section and replaces section B.1.a. and B.1.b. Any "flood" affecting a location insured under this policy where any part of the location is situated wholly or partially in any of the following Federal Flood Hazard Zones:

Zone A, Zone AO, Zone AH, Zones A1 thru 30 (AE), Zone A-99, Zone V and Zones V1 thru 30 (VE).

If there is more than one Covered Premises insured under this policy, this exclusion shall apply only to those Covered Premises located wholly or partially in the Federal Flood Hazard Zones shown in this endorsement and shall apply even if Flood Optional Coverage is selected in the Declarations. Any loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAUSES OF LOSS - EARTHQUAKE FORM

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS--SPECIAL FORM

SCHEDULE

Prem No.	Bldg No.	Address
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A. COVERED CAUSES OF LOSS

Where a covered premises is shown in the schedule above, Covered Causes of Loss means the following for that specific premises:

1. Earthquake.
2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

b. Governmental Action

Seizure or destruction of property by order of governmental authority.

c. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

d. Off-Premises Services

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises.

But if loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

e. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by government authority in hindering or defending against any of these.

2. We will not pay for loss or damage caused by or resulting from:

- a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.
- b. Fire, explosion (other than volcanic explosion), landslide, mine subsidence, tidal wave, flood, mudslide or mudflow, even if attributable to an Earthquake or Volcanic Eruption.
- c. Any Earthquake or Volcanic Eruption that begins before the inception of this insurance.

3. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

- a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas, including their lead-in wiring, masts or towers.
- (3) Any increase of loss caused by or resulting from:
 - (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or
 - (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the suspension of "operations", we will cover such loss that affects your Business Income during the "period of restoration".
- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".
- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a. Ordinance or Law, does not apply to insurance under this Coverage Form.
- (2) We will not pay for any loss caused by:
 - (a) Your cancelling the lease;
 - (b) The suspension, lapse or cancellation of any license; or
 - (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following Exclusions do not apply to insurance under this Coverage Form.
 - (a) Paragraph B.1.a., Ordinance or Law;
 - (b) Paragraph B.1.b., Governmental Action;
 - (c) Paragraph B.1.c., Nuclear Hazard;
 - (d) Paragraph B.1.d., Off-Premises Services; and
 - (e) Paragraph B.1.e., War and Military Action.
- (2) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement.
- (3) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. LIMITATION

We will not pay for loss of or damage to exterior masonry veneer (except stucco) on wood frame walls caused by or resulting from Earthquake or Volcanic Eruption. The value of such veneer will not be included in the value of Covered Property or the amount of loss when applying:

1. The Deductible applicable to this form; or
2. The Additional Condition, Coinsurance, applicable to this Coverage Part.

This limitation does not apply if:

- a. The premises description in the Declarations specifically states "Including Masonry Veneer"; or
- b. Less than 10% of the total outside wall area is faced with masonry veneer (excluding stucco).

D. DEDUCTIBLE

We will not pay for "loss" to a premises described in the Schedule above caused by or resulting from Earthquake or Volcanic Eruption until the amount of the adjusted "loss" exceeds the Deductible amount shown in the Multiple Deductible Form D for Earthquake Coverage. We will pay the amount of the adjusted "loss" that is in excess of the Earthquake Coverage Deductible up to the Limit of Insurance described in Section E below.

POLICY NUMBER:
ENDORSEMENT NUMBER:

HH 00 09 02 08

E. LIMITS OF INSURANCE:

1. The most we will pay for all "losses" caused by or resulting from Earthquake or Volcanic Eruption to a premises \$«MaxQuakeLimit» described in the Schedule above is each occurrence and in the Annual Aggregate during any one policy period.
2. For the purposes of the Earthquake or Volcanic Eruption coverage provided in this endorsement, the limit provided in E(1.) applies as a blanket single limit to all covered items included in all Property, Time Element, and Property Coverage Extensions provided for a location described in the Schedule above under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN ENDORSEMENT

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS-- COMPREHENSIVE FORM
TEXAS CAUSES OF LOSS – COMPREHENSIVE FORM**

A. The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is modified as follows:

The following coverage is added:

Equipment Breakdown

(1) We will pay for loss caused by or resulting from an "Accident" to "covered equipment". As used in this Additional Coverage, an "Accident" means direct physical loss as follows:

- (a) mechanical breakdown, including rupture or bursting caused by centrifugal force;
- (b) artificially generated electric current, including electric arcing, that disturbs electrical devices, appliances or wires;
- (c) explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
- (d) loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
- (e) loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial "Accident" causes other "Accidents", all will be considered one "Accident". All "Accidents" that are the result of the same event will be considered one "Accident".

"Covered equipment" means Covered Property built to operate under vacuum or pressure, other than weight of contents, or used for the generation, transmission or utilization of energy.

(2) The following coverages also apply to loss caused by or resulting from an "Accident" to "covered equipment". These coverages do not provide additional amounts of insurance.

(a) **Expediting Expenses**
Any Expediting Expense coverage in the Building and Personal Property Coverage Form is replaced by the following:

With respect to your damaged Covered Property, we will pay, up to \$25,000, the reasonable extra cost to:

- (i) make temporary repairs; and
- (ii) expedite permanent repairs or permanent replacement.

(b) **Hazardous Substances**
We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional expenses to clean up or dispose of such property.

"Hazardous substance" means any substance other than ammonia that has been declared to be hazardous to health by a governmental agency.

Additional costs mean those beyond what would have been required had no "hazardous substance" been involved.

The most we will pay for loss or damage under this coverage, including loss under Perishable Goods coverage, and, if shown as covered, actual loss of Business Income you sustain

- and necessary Extra Expense you incur, is \$25,000.
- (c) Perishable Goods
- (i) We will pay for your loss of "perishable goods" due to spoilage.
 - (ii) We will also pay for your loss of "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia.
 - (iii) We will also pay any necessary expenses you incur to reduce the amount of loss under this coverage. We will pay for such expenses to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.
 - (iv) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "Accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition.
 - (v) Additional Definition. For the purpose of this coverage, "perishable goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.

The most we will pay for loss or damage under this coverage is \$25,000.

- (d) Computer Equipment
- We will pay for loss or damage caused by or resulting from an "Accident" to "computer equipment".

"Computer equipment" means Covered Property that is electronic computer or other data processing equipment, including "media" and peripherals used in conjunction with such equipment.

"Media" means all forms of electronic, magnetic and optical tapes and discs for use in any electronic computer or electronic data processing equipment.

The most we will pay for loss or damage under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is \$25,000.

- (e) CFC Refrigerants
- We will pay for the additional cost to repair or replace Covered Property because of the use or presence of a refrigerant containing CFC (chlorinated fluorocarbon) substances. This means the additional expense to do the least expensive of the following:
- (i) Repair the damaged property and replace any lost CFC refrigerant;
 - (ii) Repair the damaged property, retrofit the system to accept a non-CFC refrigerant and charge the system with a non-CFC refrigerant; or
 - (iii) Replace the system with one using a non-CFC refrigerant.

Additional costs mean those beyond what would have been required had no CFC refrigerant been involved.

The most we will pay for loss or damage under this coverage, including loss under Perishable Goods coverage, and, if shown as covered, actual loss of Business Income you sustain and necessary Extra Expense you incur, is \$25,000.

- (f) Service Interruption
- Any insurance provided for Business Income, Extra Expense and Perishable Goods is extended to apply to loss

caused by or resulting from an "Accident" to equipment that is owned by a utility, landlord, or other supplier with whom you have a contract to provide you with any of the following services: electrical power, communications, waste disposal, air conditioning, refrigeration, heating, gas, air, water or steam.

(g) Demolition and Increased Cost of Construction

If an "Accident" to "covered equipment" damages a building that is Covered Property; and the loss is increased by enforcement of any ordinance or law in force at the time of the "Accident" that regulates the construction or repair of buildings, or establishes zoning or land use requirements, we will pay for the following additional costs to comply with such ordinance or law;

(i) Your actual expenditures for the cost to demolish and clear the site of undamaged parts.

(ii) Your actual expenditures for increased costs to repair, rebuild or construct the building. If the building is repaired or rebuilt, it must be intended for similar use or occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.

(iii) Your loss as described in Business Income and Extra Expense coverages, if shown as covered, caused by loss covered in (i) or (ii) above.

We will not pay for:

- (iv) Any fine;
- (v) Any liability to a third party;
- (vi) Any increase in loss due to a "hazardous substance"; or
- (vii) Increased construction costs until the building is

actually repaired or replaced.

The most we will pay for loss or damage under this coverage is \$25,000.

(3) Conditions

(a) Suspension

When any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "Accident" to that "covered equipment". We can do this by mailing or delivering a written notice of suspension to your address as shown in the Declarations, or at the address where the equipment is located. Once suspended in this way, your insurance can be reinstated only by written notice from us. If we suspend your insurance, you will get a pro rata refund of premium. But the suspension will be effective even if we have not yet made or offered a refund.

(b) Jurisdictional Inspections

If any property that is "covered equipment" under this endorsement requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf.

B. The CAUSES OF LOSS FORM which is part of this Coverage Part is modified as follows:

(a) All exclusions and limitations apply except:

(i) In the Causes of Loss—Special Form, Exclusions B.2.a., B.2.d.(6) and B.2.e.; and Limitations C.1.a. and C.1.b.

(ii) In the Causes of Loss—Comprehensive Form, Exclusions B.2.a., B.2.d., and B.3.f.; and Limitations C.1.a. and C.1.b.

(iii) In the Causes of Loss—Broad Form, Exclusions B.2.a., B.2.b. and B.2.c.

- (iv) In the Causes of Loss Basic Form, Exclusions B2.a., B.2.d. and B.2.e.
- (b) The exclusions are modified as follows:
 - (i) The following is added to Exclusion B.1.g.(1) in the Causes of Loss—Special Form or the Causes of Loss—Comprehensive Form: However, if electrical “covered equipment” requires drying out because of the above, we will pay for the direct expenses of such drying out subject to the applicable Limit of Insurance.
 - (ii) As respects this endorsement only, the last paragraph of Exclusion B.2.d. in the Causes of Loss—Special Form is deleted and replaced with the following:
But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in an “Accident,” we will pay for the loss or damage caused by that “Accident”.
 - (iii) As respects this endorsement only, the first paragraph of Exclusion B.3. in the Causes of Loss—Comprehensive Form is deleted and replaced with the following:
We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by an “Accident” results, we will pay for that resulting loss or damage.
- (c) None of the following is “covered equipment”:
 - (i) structure, foundation, cabinet, compartment or air supported structure or building;
 - (ii) insulating or refractory material;
- (iii) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (iv) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (v) vehicle, dragline, excavation or construction equipment; or
 - (vi) equipment manufactured by you for sale.
- (d) We will not pay under this endorsement for loss or damage caused by or resulting from:
 - (i) your failure to use all reasonable means to protect the “perishable goods” from damage following an “Accident”;
 - (ii) any defect, virus, loss of data or other situation within “media”. But if loss or damage from an “Accident” results, we will pay for that resulting loss or damage; or
 - (iii) any of the following tests:
a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
an insulation breakdown test of any type of electrical equipment.
- (e) With respect to Service Interruption coverage and Perishable Goods coverage, we will also not pay for loss or damage caused by or resulting

from: fire; lightning; windstorm or hail; explosion (except for steam or centrifugal explosion); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing or collapse.

- (f) We will not pay under this endorsement for loss of or damage to animals.

The most we will pay for loss or damage under this endorsement is the applicable Limit of Insurance shown in the Declarations. Coverage provided under this endorsement does not provide an additional amount of insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EQUIPMENT BREAKDOWN ENDORSEMENT
FLOOD AND EARTHQUAKE EXCLUSION**

This endorsement modifies insurance provided under the following:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CAUSES OF LOSS COMPREHENSIVE FORM
TEXAS CAUSES OF LOSS COMPREHENSIVE FORM**

The EQUIPMENT BREAKDOWN ENDORSEMENT, HH 00 11 02 08 is amended to add the following:

C. EXCLUSION

We will not pay for loss or damage caused by "Flood" or "Earth Movement"

SERFF Tracking Number:	OCOD-125631818	State:	Arkansas
Filing Company:	Occidental Fire & Casualty Company of North Carolina	State Tracking Number:	EFT \$50
Company Tracking Number:	08-269		
TOI:	01.0 Property	Sub-TOI:	01.0001 Commercial Property (Fire and Allied Lines)
Product Name:	Commercial Property-Habitational Risks		
Project Name/Number:	/		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: OCCD-125631818 State: Arkansas
Filing Company: Occidental Fire & Casualty Company of North Carolina State Tracking Number: EFT \$50
Company Tracking Number: 08-269
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property-Habitational Risks
Project Name/Number: /

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty
Review Status: Approved 05/16/2008

Comments:

Attachment:

P&C Transmittal-Prop.pdf

Satisfied -Name: Form Filing Schedule
Review Status: Approved 05/16/2008

Comments:

Attachments:

Prop Form Filing Schedule 1.pdf

Prop Form Filing Schedule 2.pdf

Prop Form Filing Schedule 3.pdf

Satisfied -Name: Cover Letter
Review Status: Approved 05/16/2008

Comments:

Attachment:

Prop-Form.pdf

Satisfied -Name: AP 00 19 05 08
Review Status: Approved 05/16/2008

Comments:

Arkansas Changes-Appraisal

Attachment:

AP 00 19 05 08.pdf

Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only		2. Insurance Department Use only				
		a. Date the filing is received:				
		b. Analyst:				
		c. Disposition:				
		d. Date of disposition of the filing:				
		e. Effective date of filing:				
		New Business				
		Renewal Business				
		f. State Filing #:				
g. SERFF Filing #:						
h. Subject Codes						
3. Group Name IAT Group		Group NAIC # 23248				
4.	Company Name(s) Occidental Fire & Casualty Company of NC	Domicile North Carolina	NAIC # 23248	FEIN # 84-0513811	State # N/A	
5. Company Tracking Number		08-269				
Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]						
6.	Name and address Latesha Debnam	Title State Filing Technician	Telephone #s (800) 525-7486 ext. 3311	FAX # (919) 833-8535	e-mail ldebnam@ofc-wic.com	
7. Signature of authorized filer						
8. Please print name of authorized filer		Latesha Debnam				
Filing information (see General Instructions for descriptions of these fields)						
9.	Type of Insurance (TOI)	1.0000 Property				
10.	Sub-Type of Insurance (Sub-TOI)	1.0001 Commercial				
11.	State Specific Product code(s)(if applicable)[See State Specific Requirements]					
12.	Company Program Title (Marketing title)					
13.	Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)				
14.	Effective Date(s) Requested	New: 06/01/2008	Renewal: 06/01/2008			

Property & Casualty Transmittal Document---

15.	Reference Filing?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
16.	Reference Organization (if applicable)	Insurance Services Office (ISO)
17.	Reference Organization # & Title	CF-2001-O01FR
18.	Company's Date of Filing	5/01/2008
19.	Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

20.	This filing transmittal is part of Company Tracking #	08-269
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21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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We are filing our initial forms for our Commercial Property-Habitational Risk Program.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
<div style="margin-bottom: 20px;"> Check #: N/A Amount: \$50.00 </div> <p>Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.</p>	

*****Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

These pages are informational only and do not need to be submitted with your filings!

Notes for Uniform Property & Casualty Transmittal Document

DESCRIPTION OF ITEMS IN THE PROPERTY AND CASUALTY TRANSMITTAL DOCUMENT

- 1. Reserved for Insurance Dept. Use Only**—this section is for anything the Dept. wishes to capture—such as date stamps, approval stamps, check routing numbers, accounting codes, etc.
- 2. Insurance Department Use Only Box:** Includes the following information: (It is up to the state to determine which, if any, of this info they wish to record—or it may be recorded in #1 box with stamps (for example))
 - a. Date the filing is received by the Insurance Dept.**
 - b. Analyst**—lead analyst who reviewed the filing and assigns final disposition
 - c. Disposition**—this is the disposition that the Dept. assigns—authorized, approved, filed, withdrawn, disapproved, informational only, etc.
 - d. Date of Disposition of the filing**—date filing is finished
 - e. Effective Date of the Filing**—date the filing goes into effect. This date may vary by state—it might be the “approval” date in some states. It might be the implementation date in some states. It might be the received date in some states. The Dept. should use the date that is applicable in their state.
 - f. State Filing #:** The number the state assigns to the filing (if applicable).
 - g. SERFF Filing #:** Some states may use SERFF to track paper filings and will use that SERFF assigned number.
 - h. Subject Codes** – This field is intended to capture one or more Subject Codes for states to track particular attributes of a filing, such as mold exclusions. The codes or terms used would be variable by state.
- 3. Group Name and Group NAIC #** as assigned by NAIC.
- 4. Company Name(s), State of Domicile, NAIC #, FEIN#, State #:** Every company to which this filing applies must be listed and the company information must be supplied, with the exception of the State # (the company specific code) if not available or not required by the filing jurisdiction. A filing that lists a group without supplying company info will not be accepted in most states.
- 5. Company Tracking Number:** The filing number assigned by the insurance company, if any.
- 6. Contact Info of Filer or Corporate Officer:** The company should supply the information on the person the state should contact if there is a question/problem with the filing. If there is more than one person (perhaps, one for rates, one for forms) then both should be listed.
- 7. Signature of authorized filer:** Some states require a signature of the authorized filer. If the filer is third party, a letter of authorization from the insurer must be submitted according to state requirements.
- 8. Please print name of authorized filer:** So we can decipher #7 above!
- 9. Type of Insurance (TOI):** Refer to Uniform Property & Casualty Product Coding Matrix. This corresponds to the column entitled “SERFF Type of Insurance” and roughly corresponds to the annual statement line of business.
- 10. Sub-type of Insurance (Sub-TOI):** Refer to Uniform Property & Casualty Product Coding Matrix). This corresponds to the column entitled “SERFF Sub-Type of Insurance”.
- 11. State Specific Product code(s):** See State Specific Requirements for these codes
- 12. Company Program Title:** Marketing title, if applicable.
- 13. Filing Type:** Choices are Rate/Loss Cost; Rules; Rates/Rules; Forms; Withdrawal; Other.

14. Effective Date Requested: This is the effective date the company requested when they made the filing. It is not necessarily the date the filing officially becomes effective. This is also where the company can indicate the different effective dates for new or renewal business.

15. Reference Filing: Yes/No

16. Reference Organization (if applicable): The name of the advisory organization—i.e. ISO, NCCI, AAIS, etc. or an Insurance Company name if “me too filing” is permitted. Some states allow companies to reference another company’s filing. A “me too” filing is when one company adopts another company’s filing. Usually they are not part of the same group. You should check with each state to determine their rules on these filings. If permitted, use this area to indicate either an advisory organization name or “me too” company name.

17. Reference Organization Number & Title (if applicable): This is the unique number that the reference organization gives to the filing. It is generally not the same number as the circular number.

18. Company’s Date of filing: The date the company sends the filing.

19. Status of filing in domicile: Place for the company to show if filing has been filed in domicile and its status.

20. This filing transmittal is part of Company Tracking #: This ties all of the pages of the transmittal to the same filing. It is helpful for the state.

21. Filing Description: This area can be used in lieu of a cover letter or filing memorandum and is free-form text.

22. Filing Fees: Please refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		08-269		
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Advisory Notice/Mold Exclusion	AP 00 02 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Terrorism Rejection	AP 00 03 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Schedule of Named Insured(s)	AP 00 04 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Schedule of Locations	AP 00 05 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Multiple Deductible Form	AP 00 16 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Important Notice/Computer Random Attack	AP 00 17 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Building and Personal Property Coverage Form	AP 00 18 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Causes of Loss Comprehensive Form	AP 00 19 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	Business Income Coverage Form (without extra expense)	AP 00 20 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Protection Plus Property Program	AP 00 21 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

Effective March 1, 2007

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Notes for Form Filing Transmittal
DESCRIPTION OF ITEMS IN THE FORM FILING SCHEDULE

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01	Trees, Shrubs, and Plants Amendment of Coverage	AP 00 22 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Additional Limits of Insurance	AP 00 23 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Exclusion-Windstorm or Hail	AP 00 24 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Endorsement Computer Random Attack	AP 00 26 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Endorsement "Mold or other Fungi"	AP 00 27 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Endorsement "Earth Movement"	AP 00 28 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Endorsement Debris Removal	AP 00 30 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Endorsement Pollution Exclusion Amendment	AP 00 34 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	South 39 Amendatory Property Endorsement	HA 00 01 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Endorsement Condominium Extension	HH 00 04 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

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01	Endorsement Water Damage Deductible	HH 00 05 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Endorsement Named Storm Percentage Deductible	HH 00 06 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Endorsement Flood Coverage Amendment and Limitation	HH 00 08 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Endorsement Causes of Loss-Earthquake Form	HH 00 09 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Endorsement Equipment Breakdown	HH 00 11 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Equipment Breakdown Endorsement	HH 00 12 02/08	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
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Occidental Fire & Casualty Company of North Carolina

702 OBERLIN ROAD, BOX 10800, RALEIGH, NORTH CAROLINA 27605 (919) 833-1600 1-800-7486 (National) 1-800-342-0753 (In N.C.)

April 29, 2008

Honorable Julie Benafield Bowman
Commissioner of Insurance
Arkansas Insurance Department
1200 West Third Street
Little Rock, Arkansas 72201-1904

RE: Occidental Fire & Casualty Company of North Carolina
FEIN# 84-0513811 NAIC# 23248
Commercial Property – Habitational Risks
Filing Number: 08-269

Dear Director Bowman:

Occidental Fire & Casualty Company of North Carolina, a member of IAT Group, is a subscriber of the Insurance Services Office (ISO) and has authorized them to file rules and forms on our behalf for Commercial Property coverage to extent permitted by law. At this time we are filing our initial forms for our Commercial Property-Habitational Risk Program.

This program includes, but is not limited to:

- Apartments and Condominiums
- Homeowner Association Risks (including common areas)
- Manufactured Housing Parks
- Motels and Hotels

We file to adopt all the current forms contained in ISO Filing Designation Number CF-2001-O01FR (including Supplement and Amendment) and subsequent. In addition, we are filing the following declarations and independent forms to be used with the ISO forms:

<u>Form Number/ Edition</u>	<u>Description</u>
AP 0002 02/08	Advisory Notice/Mold Exclusion
AP 0003 02/08	Terrorism Rejection
AP 0004 02/08	Schedule of Named Insured(s)
AP 0005 02/08	Schedule of Locations
AP 0016 02/08	Multiple Deductible Form
AP 0017 02/08	Important Notice/Computer Random Attack
AP 0018 02/08	Building and Personal Property Coverage Form
AP 0019 02/08	Causes of Loss Comprehensive Form
AP 0020 02/08	Business Income Coverage Form (without extra expense)
AP 0021 02/08	Protection Plus Property Program
AP 0022 02/08	Trees, Shrubs and Plants Amendment of Coverage
AP 0023 02/08	Additional Limits of Insurance
AP 0024 02/08	Exclusion-Windstorm or Hail
AP 0026 02/08	Endorsement Computer Random Attack
AP 0027 02/08	Endorsement "Mold or other Fungi"
AP 0028 02/08	Endorsement "Earth Movement"
AP 0030 02/08	Endorsement Debris Removal
AP 0034 02/08	Endorsement Pollution Exclusion Amendment

<u>Form Number/ Edition</u>		<u>Description</u>
HA 0001	02/08	South 39 Amendatory Property Endorsement
HH 0004	02/08	Endorsement Condominium Extension
HH 0005	02/08	Endorsement Water Damage Deductible
HH 0006	02/08	Endorsement Named Storm Percentage Deductible
HH 0008	02/08	Endorsement Flood Coverage Amendment and Limitation
HH 0009	02/08	Endorsement Causes of Loss-Earthquake Form
HH 0011	02/08	Endorsement Equipment Breakdown
HH 0012	02/08	Equipment Breakdown Endorsement

Under separate cover, we have made a companion loss costs filing to be effective with the approval of this form filing.

We request these forms to become effective on or after June 1, 2008.

If you have any questions, please feel free to contact me at (800) 525-7486 ext. 3311 or by e-mail at ldebnam@ofc-wic.com.

Kind Regards,

Latesha Debnam
Regulatory Compliance
State Filing Technician

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES-APPRAISALS

- G.2.** The **Appraisal** Condition in Building and Personal Property Coverage Form, AP 0018 is replaced by the following:
- a. If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
 - b. An appraisal decision will not be binding on either party.
 - c. If there is an appraisal, we will still retain our right to deny the claim.
 - d. Each party will:
 - (1) Pay its chosen appraiser; and
 - (2) Bear the other expenses of the appraisal and umpire equally.